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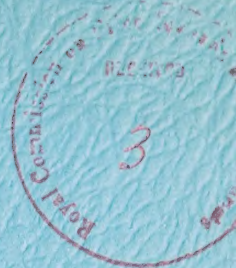
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ROYAL COMMISSION

ON

PRICE SPREADS OF FOOD PRODUCTS

HEARINGS

HELD AT
HALIFAX

N. S.

VOLUME No.:

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TORONTO, ONTARIO

- 1931 -

ROYAL COMMISSION ON PRICE SPREADS
OF FOOD PRODUCTS

Proceedings before the Royal Com-
mission on Price Spreads of Food
Products commencing at 2 p.m.
Thursday, May 1st, 1958, at
Halifax, N.S.

CHAIRMAN:

Dr. Andrew Stewart

COMMISSIONERS:

Mrs. Dorothy Walton
Mr. J. Howard MacKichan
Mr. Romeo Martin
Mr. W. Malcolm Drummond
Mr. Cleve Kidd
Mr. Bernard Couvrette

Secretary

John A. Dawson

Assistant Secretary

A. A. Caron



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TORONTO, ONTARIO

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Mr. H.P. Connor	

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SUBMISSION OF
NOVA SCOTIA FISH PACKERS ASSOCIATION

Appearances:

Mr. R.F. Johnson
Mr. H.P. Connor

Secretary
Executive Member

- and -

SUBMISSION OF
CANADIAN ATLANTIC SALT FISH EXPORTERS
ASSOCIATION

Appearances:

Mr. R.F. Johnson
Donald MacKenzie

Secretary
Vice President

THE CHAIRMAN: The brief of the Nova Scotia Fish Packers Association will be filed as Exhibit No. 41 and the brief of the Canadian Atlantic Salt Fish Exporters Association as Exhibit No. 42.

EXHIBIT NO. 41: Brief of the Nova Scotia Fish Packers Association

EXHIBIT NO. 42: Brief of the Canadian Atlantic Salt Fish Exporters Association.

THE CHAIRMAN: We will come to order.
We will open the hearings of the Royal Commission on Price Spreads of Food Products in Nova Scotia. We are very pleased to be here. Our colleague, Mr. MacKichan who comes from this area, took his coat and hat off as soon as he got in the Maritimes, and



felt he was back home again. We are glad to be here with him.

I think it would be well if I read again the Terms of Reference of this Commission, partly to remind ourselves and partly to bring it to the attention of others.

The Commission is appointed to:

(a) inquire into the extent and the causes of the spread between the prices received by producers of food products of agricultural and fisheries origin and the prices paid by consumers therefor;

(b) determine whether or not such price spreads in general or in particular cases are fair and reasonable, or are excessive, in relation to the services rendered;

(c) make such recommendations as they deem appropriate if any such price spreads are found to be excessive; and

(d) examine the adequacy of price information currently available.

When we opened the hearings in Vancouver we put on record the procedures which the Commission would follow in receiving evidence. If anyone wishes to have any information of these matters, they should consult with the Secretary, Mr. John Dawson.

We have two briefs dealing with different aspects of the Atlantic coast fisheries this afternoon.



These will be presented by Mr. Johnson who has with him Mr. Connor, and Mr. MacKenzie. I have suggested to Mr. Johnson that we may receive both of these briefs for the record, and then such questioning as we may have can take place after the reading of the briefs.

Mr. Johnson, does it matter which you would read first? Would you prefer to read the Nova Scotia Fish Packers brief in view of the fact that Mr. Connor is here and Mr. MacKenzie is not?

MR. JOHNSON: That will be fine, sir.

THE CHAIRMAN: We will just change the number, and the Nova Scotia Fish Packers Association brief will be Exhibit 41, and the brief of the Canadian Atlantic Salt Fish Exporters Association will be Exhibit 42.

If you will now proceed to read those into the record, you may do so.

MR. JOHNSON: Thank you.

My name is R.F. Johnson. I am executive secretary of the Nova Scotia Fish Packers Association. I shall proceed to read the brief.

The Nova Scotia Fish Packers Association was formed some 17 years ago as the Fish Packers Association of the Maritime Provinces, and the name was changed in March of 1954 to the Nova Scotia Fish Packers Association because with one exception,



the membership is comprised of processors and producers of fresh, frozen and smoked fish and shellfish, conducting operations in the province of Nova Scotia. Our Association is affiliated with The Fisheries Council of Canada.

Its membership as of this date includes the following companies, together with any subsidiaries or branches operated by these companies.

Would it be your wish, Mr. Chairman, to read the names of those companies?

THE CHAIRMAN: I do not think it is necessary, but we will have them on the record.

MR. JOHNSON:

Acadia Fisheries Ltd.	Mulgrave, N.S.
Booth Fisheries Can. Co., Ltd.	Petit-de-Grat, N.S.
British Columbia Packers Ltd.	Canso, N.S.
British Columbia Packers Ltd.	Clark's Harbour, N.S.
Connors Bros. Ltd.	Black's Harbour, N.B.
40-Fathom Division-National Sea Products	Halifax, N.S.
Gorton Pew Ltd.	Louisbourg, N.S.
Long Island Fisheries Ltd.	Tiverton, N.S.
Lunenburg Sea Products Ltd.	Lunenburg, N.S.
Maritime National Fish Co., Div. National Sea Products Ltd.	Halifax, N.S.
National Sea Products Ltd.	North Sydney, N.S.
National Sea Products Ltd.	Lockeport, N.S.
National Sea Products Ltd.	Digby, N.S.
National Sea Products Ltd.	Louisbourg, N.S.
H.B. Nickerson & Sons Ltd.	North Sydney, N.S.
North Sydney Agencies Ltd.	North Sydney, N.S.
Seaweed Products Ltd.	Yarmouth, N.S.
Shelburne Fisheries Ltd.	Shelburne, N.S.
Snow Bros., Reg'd.	Digby, N.S.
Swim Bros. Ltd.	Lockeport, N.S.

It will be obvious from this list that it covers Nova Scotia from Yarmouth to North Sydney and is quite representative, comprising processors



and producers of upwards of 90 per cent of the annual Nova Scotia output of fresh and frozen fish and fish products.

The Association maintains an office at 237 Hollis Street, Halifax, N.S., and any company partnership or individual engaged in the fish packing industry in the province is eligible for membership. It has no Government affiliation and does not attempt to present Government views.

The aims and objectives of the Association as set forth in the Articles of Association include; the protection of the interests of the processors and packers of fish in Nova Scotia; the promotion of a co-operative spirit for the mutual benefit of the industry; the promotion of improvements in fishing methods, curing, packing and transportation, also in harbour accommodation, navigational and other aids for fishing; the collection and circulation of statistics relating to the fishing industry; the organization and dissemination of information of an educational nature among members; the conservation and development of the fishing industry on commercial, scientific and educational lines; and promoting increased consumer consumption of fish and fish products in both Canada and the United States.

It will be noted from the foregoing -- and we should like to emphasize this point -- that the Association has absolutely nothing to do with



establishing or influencing the purchase price of fish from the primary producers, or the prices at which fish and fish products are resold to wholesalers and/or retailers and consumers. It does no buying or selling on behalf of its members, nor are its facilities utilized by members as a medium for the collection or dissemination of information on buying and selling prices.

In matters of common interest to the membership such as fish inspection, fishing regulations, steamship inspection, radio-telephone, etcetera, the Association is the medium through which representations are made, as necessary, to the appropriate Departments of the Federal and Provincial Government.

While our Association does not fill a role which would enable us to provide the Commission with details or figures covering price spreads, we are presenting this brief in the hope that it will assist the Commission in assessing our function, in understanding some of the complexities of our industry, and to appraise the industry's overall economic position. In this latter connection, we shall refer to some of the salient points affecting processing costs.

Turning to the development and expansion of the Nova Scotia fresh and frozen fish industry, although centuries old, it was not until the beginning of the 20th century that the marketing of fresh



fish became of any importance to the industry - previously the catch was marketed as salted, pickled or smoked fish. About this same time, air-freezing of fish commenced with the erection of cold storage plants along the coast, the use of refrigerated railway cars, etcetera with the result that new markets opened up for fresh, frozen and lightly smoked fish in Central and Western Canada. This was followed about 1920/21 by the development of filleting and freezing such species of fish as cod and haddock, and as early as 1926, carloads of these frozen fillets were shipped from Nova Scotia to such United States points as Kansas City and Cincinnati and to Western Canada. The history of the industry since then has been one of steady progress in methods of processing, packaging and distribution, some of which include quick-freezing, the introduction of one-pound consumer packages of fillets, fish sticks and pre-cooked packaged fish. In other words, every effort has been made by the industry to merchandise its products in keeping with the pace of the development and expansion of the frozen food industry and the changed pattern of consumer preferences for quality food products, attractively and conveniently packaged and easy to prepare.

The modern fresh, frozen and smoked fish processing plant of today bears very little resemblance to the plant of three or four decades



ago. Whereas the early plants consisting of little more than a small wharf, a shelter or shed and some tables and puncheons required little capital investment in trawlers - which cost in the vicinity of \$300,000 each - extensive wharves and buildings, cold storage rooms, ice-making machines, quick freezers, refrigerated trucks, conveyor belts, stainless steel tables and chutes, automatic skinning, filleting and packaging machines, breading and cooking machines, etcetera. Quite apart from being very costly, much of this machinery is very intricate, and its service requires skilled and trained workmen, also maintenance and replacement costs are correspondingly high.

Insofar as primary production or catching is concerned, changes commenced as far back as 1910 when the first Nova Scotia trawler came into operation. Although the subject of much controversy for many years, on the grounds that it was injuring the shore fisheries, depleting the fishing grounds and damaging the gear of the shore fishermen, the trawler has long since become established as an essential unit of production to provide the quantities of fresh fish needed to maintain the number of large processing plants located at various points along the Coast of Nova Scotia. The post-war years have seen the introduction of the long-liner which is becoming an increasingly important unit of production for the fresh and frozen fish industry.



The productivity per fisherman has been increased by these progressive changes in the catching of groundfish, and at the same time there has been a decline in the number of fishermen engaged in the so-called shore fishery which is usually carried on by small boats operated by one or two fishermen.

Since an ever increasing proportion of our groundfish production is being processed and marketed as fillets - both frozen and fresh - the great majority of consumers are unaware of the yield of skinless fillets per pound of whole fish, and this is the basis for much misunderstanding about prices paid to fishermen and prices paid by consumers. Quite apart from the added cost to the processor through handling, filleting, packaging, freezing, etcetera, there is a product weight loss in filleting of as much as two-thirds, and this varies as between different species of fish and at different seasons.

Another aspect of fish prices that is commonly misunderstood is the variance between prices paid to the primary producers in the New England States and Canada. Since well over two-thirds of Canada's Atlantic Coast production of all fresh and frozen fillets and blocks are sold in the United States, an important factor in the price paid to the primary producer in Canada is the cost of transportation to the U.S.A., import duty and exchange on U.S. currency. These vary considerably depending upon such factors



as the prevailing rate of exchange, whether shipment is made by truck, carload freight, or l.c.l. freight, and also whether the shipment is assessed at the minimum or maximum U.S.A. custom tariff. Incidentally, a very small quantity of Canadian fillets enter the U.S.A. at the minimum tariff of 1-7/8 cents per pound. Taking Boston as an example, these combined charges could range from a low of approximately 4 cents per pound to a high of approximately 6 cents to 7 cents per pound. It should also be noted that a very small percentage of the groundfish production of the Boston fleet is sold as frozen fillets, it being mostly a fresh fish market, and since most of the catch is marketed as fresh fish which commands a higher selling price, the price paid to the primary producers is consequently higher than would be possible if the fish were purchased for processing into frozen fillets or blocks for fish sticks. These factors dictate that so long as we depend to such a large extent on the United States market for the sale of our fillet production, there will always be a differential between prices paid to the fishermen in Canada and in the New England States.

An expanding market in the U.S.A. since World War II for frozen fish fillets and blocks - Canadian exports to the U.S.A. increased from 41.7 million pounds in 1945 to 108.3 million pounds in



1957 - has been responsible in a large measure for over-production in some areas of Canada, without due regard to marketing and, in turn, this has created stiff selling competition among Canadian processors of these items.

The fresh and frozen fish processors are very conscious of the fact that the future expansion and welfare of the industry is dependent to a considerable degree on providing the consumer with high quality products at prices competitive with other protein foods, augmented by a large scale and continuing advertising effort aimed at not only maintaining but increasing the present low per capita consumption of fish. Each year sees an expansion of the trend of consumer food purchases from the chain store and supermarket with a corresponding decline in sales through the independent retail outlet. Since the space allotted in supermarket frozen food cabinets to the various competing products is contingent upon volume of sales, fish and fish products display and distribution can be maintained and expanded only to the extent that consumer demand is fostered.

For the past several years, the principal Canadian fish fillet processors have been making a financial contribution toward a public relations program conducted in the United States by the National Fisheries Institute, to increase consumer



demand for fish and shellfish with particular emphasis on fillets. The regional trade associations such as ours, are the medium through which this effort is sponsored, and the funds for this purpose are raised by membership assessment.

A similar program was inaugurated in Canada through the Fisheries Council of Canada some three years ago, and the cost of this is borne by the companies who are members of regional Associations such as the Nova Scotia Fish Packers Association. The necessary funds are collected through membership assessment, and in addition to performing this function, our Association assists in the overall direction of the program. A particular feature of these promotions is a National Fish Week which has been conducted annually in both Canada and the United States for the past three to four years.

These two rather modest programs have demonstrated the need for the fishing industry to promote its products in competition with other protein foods for a share of the Canadian and American consumer's food dollar. However, to undertake such commodity advertising on a scale which could be expected to show some results, involves expenditures of many hundreds of thousands of dollars, and while the Nova Scotia fish processors, along with processors in other parts of Canada and the United States, are agreed almost unanimously that this



advertising is necessary and vital, repeated efforts over the past number of years to finance such an undertaking have met with failure. The most recent attempt has been to raise the needed funds for a modest program through contributions by processors on the basis of 1/4 cents per pound of product, but the effort has not succeeded because a substantial number of the processors have concluded this would be too great a financial burden to undertake at present margins of profit prevailing in the industry.

This confirms, we submit, that no big profit is made in the fishing industry, and that our industry is a small-margin business handling a large volume of product.

Mr. Chairman, is it your wish I continue right on?

THE CHAIRMAN: I would prefer if you would. Mr. MacKenzie is not here yet, is he?

MR. JOHNSON: Yes, he has just arrived.

THE CHAIRMAN: Very well, if you will just continue and read the brief of the Canadian Atlantic Salt Fish Exporters Association.

MR. JOHNSON: Very well, Mr. Chairman.

Formed over 18 years ago, with encouragement from the then Federal Minister of Fisheries, who pointed out the benefits of a medium through which the considered views and recommendations of the salt fish industry could be obtained, the Canadian



Atlantic Salt Fish Exporters Association has a present membership of fifteen firms all but one of which is located in Nova Scotia. Applications for membership are entertained from "any individual, partnership or corporation, regularly and actively engaged in the export of salt fish or salt fish products."

The following companies, together with any subsidiaries or branches operated, make up the Association membership:

Adams & Knickle Ltd.	Lunenburg, N.S.
Briny Deep Fisheries Ltd.	Lunenburg, N.S.
Zwicker & Co., Ltd.	Lunenburg, N.S.
W. C. Smith & Co. Division	Lunenburg, N.S.
A. M. Smith & Co. Ltd.	Halifax, N.S.
Halifax Fisheries Ltd.	Halifax, N.S.
G. P. Mitchell & Sons Ltd.	Halifax, N.S.
Burns Fisheries Ltd.	Halifax, N.S.
United Maritime Fishermen Ltd.	Halifax, N.S.
Rowlings Ltd.	Halifax, N.S.
W. & C.H. Mitchell Ltd.	Halifax, N.S.
Robin, Jones & Whitman Ltd.	Halifax, N.S.
Ritcey Bros. (Fisheries) Ltd.	Riverport, N.S.
N. C. Sollows & Sons Ltd.	Port Maitland, N.S.
Fred Magee Ltd.	Port Elgin, N.B.

We estimate that our membership handles, in terms of tonnage, between 85 per cent and 90 per cent of Nova Scotia's total exports of salted and pickled fish and smoked round herring, and with one exception, all members operate their own processing plants. Almost 100 per cent of members' sales of the products mentioned are made in foreign markets as the domestic market for these products is negligible.

The Association supports and is a member



of the Fisheries Council of Canada, but has no Government affiliations and does not attempt to present the views of Government. An office staffed by full-time employees is maintained in Halifax, Nova Scotia at 237 Hollis Street.

Article 2 of the By-Laws states that the objects of the Association shall be:

"To promote directly and indirectly the interests of the salt fish industry; to consolidate the opinions of all those engaged in the producing, marketing and exporting of salt fish and salt fish products; to exchange ideas and information among members; to act as a co-ordinating body with Governments, Government Departments, National and International bodies, which may have a direct or indirect bearing on the salt fish industry; to negotiate contracts, enter into agreements and otherwise act on behalf of its members."

While member companies do their own selling through agents in the various export markets, the Association has done, and still does on occasion, some group or joint selling of specific species on their behalf to a particular export market or markets. For example, this was done during World War II when most of the foreign markets bulk-purchased their salt and pickled fish requirements by contract



with allocations being made by the Combined Food Board. The most recent instance is that of the Government of Jamaica bulk-purchasing by tender some 90 per cent of the market's requirements of salted codfish, which current contract runs to June 30th, 1958. Since no one member firm could undertake to contract for the quantity of salted cod involved in the Jamaica Government tender, the Association was utilized to contract on behalf of the members, and each of nine members supplies a portion of each shipment.

The role of a selling agency is the exception rather than the rule, and normally the Association is not utilized by its members for this purpose. It should be stressed in this connection that our Association does not purchase the fish from the members, does not make a profit on the sales and never undertakes to sell for members in the domestic market. Furthermore, it does not determine or control the price paid to the primary producer or the price paid by the consumer. Buying of saltbulk fish from fishermen is done by the member firms individually and independently and is highly competitive.

Because the Nova Scotia salt fish export trade is centuries old, it is hardly necessary to present a general review of it, although brief



reference to certain changes that have taken place in the industry in the past two or three decades may serve to acquaint the Commission with some of its complexities.

While the final product, whether it be dried salt cod or pickled herring, differs very little from that produced a century ago, methods of processing dry salt fish have changed very materially. It is no longer a matter of salting and sun-curing by individual fishermen or numerous small plants located along the coastline. On the contrary, the processing is done in large modern plants equipped with mechanical dryers, refrigerated cold storage rooms, etcetera, which represent large financial investments in buildings and equipment. Only as long as these plants are operated for producing salt fish, do they retain a value in relation to the capital investment because the equipment in particular is of little or no use or value for any other purpose. It should also be noted that at certain periods of the year, inventories of salt fish are very heavy and represent an additional investment of large sums of money - hundreds of thousands of dollars for some processors. The reason for this is that during the relatively short fishing season, stocks must be acquired in sufficient quantity to provide supplies for processing and export over a twelve-month period.



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TORONTO, ONTARIO

- 1949 -
Mr. Johnson

Each succeeding year during the past decade, the Nova Scotia salt fish processors and exporters have become more dependent for their supplies of wet salted fish upon the fishermen of Newfoundland. The once great Nova Scotia vessel-fishing fleet which was the main source of salt cod production, has all but disappeared - less than ten of these vessels are operating today. To only a slightly lesser degree our so-called shore salt cod fishery has declined. This decline in our Nova Scotia salt fishery - and there is evidence of a similar trend in Newfoundland - is attributable in the main to the fishermen turning to other employment offering greater remuneration for their labours.

With these facts in mind, it is obvious that the salt fish processors and exporters must, if they desire to protect their heavy investments in plants and equipment, pay the fishermen the maximum prices for their production, so that they will continue to produce salt fish. However, the prices paid to fishermen are governed by the prices obtainable in the various export markets for the finished products, and a few facts concerning these markets will show that some of them present problems beyond the control of the exporters.

Firstly, the principal markets for our salt fish are the Caribbean countries where standards of living and incomes are much below those of Canada.



Secondly, the two largest salt codfish consuming markets in the Caribbean - Puerto Rico and Jamaica - both have consumer price ceilings on salt cod which determine the maximum price at which the exporters can make sales.

Thirdly, competition from European countries which are producers and exporters of salt fish is a factor in determining prices of Canadian exports - and we have good reason to believe that some of these European producing countries provide Government subventions in one form or another which enable their exporters to maintain low export prices.

In connection with this latter point, the Canadian Government has, since 1955/56, recognized the need to assist the depressed Canadian salt fish industry by paying to fishermen and producing companies a subvention on fishery salt which amounts to approximately 1/2-cent per pound of dried salt fish. This is payable on all salt used to produce salted and pickled fish which is sold in other than the United States market.

Further evidence of the difficulties under which the Canadian salt fish industry has operated during the past decade, is the fact that the provisions of the Fisheries Prices Support Act have been invoked since 1950 as follows:



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- 1951 -
Mr. Johnson

Deficiency payments on 1950 production of
Labrador salt cod - \$447,539.36.

Deficiency payments on 1950 Newfoundland
salt cod production - \$809,626.71.

Government purchase of 1952 production salt
codfish amounting to a total of \$950,000.

Government purchase of 1952/53 bloater pro-
duction amounting to \$49,304.76.

Deficiency payments on 1952/53 production
pickled mackerel fillets - \$21,903.40.

Deficiency payments to Quebec salt codfish
producers covering 1953 production -
\$37,521.14.

Deficiency payments to Newfoundland fisher-
men on 1953 salt cod production - \$646,983.68.

In response to our request, several of our member companies have on this and previous occasions supplied us with figures taken from their records pertaining to their buying and selling prices, dollar volume of sales, net profits, labour-wage scales, etcetera, some of which we are pleased to include in this submission. For reasons which we believe the Commission will appreciate, the particular companies are not identified, but we would hasten to add that not only with their identities be made known in confidence to the Commission upon request, but we are authorized to state on behalf of these companies that they will gladly make their records available for examination by the Commission if this is desired.



1. Average prices paid to fishermen per 100 pounds of choice grade heavy salted salt bulk codfish:

<u>1943</u>	<u>1957</u>
\$6.50	\$6.50 - \$7.00

To be equivalent to the 1943 price in terms of constant Canadian dollars, the 1957 price should have been approximately \$10.60.

2. Export selling prices to Santiago de Cuba market per 100 pounds of choice grade small heavy salted codfish, hard-dried, f.o.b. in Canadian dollars, including package or container:

<u>#1943</u>	<u>##1958</u>
\$16.72	\$17.00 - \$17.50

#Maximum price agreed by international convention and enforced by the Canadian Government Salt Fish Administration.

##Current quotations by some member exporters, converted to Canadian dollars allowing 3 per cent exchange on U.S. dollars.

To be equivalent to the 1943 price in terms of constant Canadian dollars, the current selling price should be approximately \$27.60.

Santiago de Cuba has been selected by us as an illustration because it is a large market for Nova Scotia salt codfish exporters, it has no local price controls and the export prices to this



market are governed entirely by supply, demand and competition.

3. Consumer price ceiling for salt cod-fish, per pound, enforced by Government of Jamaica:

<u>1953</u>	<u>1958</u>
1s.7½d.	1s.7d.

4. Hourly wages paid to labourers in Lunenburg and Halifax salt fish plants:

<u>1942</u>	<u>1958</u>
x 45¢ - 47¢	x \$1.08
xx 45¢ - 47¢	xx 85¢ - \$1.00
x - Lunenburg	
xx - Halifax	

5. (a) Average annual dollar sales of salt and pickled fish and smoked round herring for the past five fiscal years, and

(b) Average annual net profit after all taxes and depreciation for the same five-year period, per \$1.00 of gross sales:

<u>Company "A"</u>	<u>Company "B"</u>	<u>Company "C"</u>
Sales: \$961,792.48	Sales: \$1,342,332	Sales: \$609,534
Profit: 0.69%	Profit: 0.8%	Profit: 0.029%

We submit that the Nova Scotia salt and pickled fish processing and exporting industry is going through one of the most critical periods of its centuries old history, and it is understandable that the number of these exporters in the Maritime provinces has declined from 100 in April of 1944



to between 30 and 35 at the present time.

THE CHAIRMAN: Mr. MacKenzie, I might say we are glad to have you associated with Mr. Johnson and Mr. Connor in the presentation of this brief. Our practice has been after the reading of a brief to ask some questions, and I hope that you and Mr. Connor will take part in the discussion at any stage that you wish to. We are grateful to the member companies of the Export Association for the indication that if there is further information we might wish to have they will be willing to co-operate and provide that for us. What we are hoping to get in our public hearings is some information bearing specifically on the Terms of Reference of the Commission, but in addition to that as we move around the country we hope to get further information which perhaps does not bear too closely on the particular problem that we are concerned with, but it is also so as individuals we can get a sense of the local situations and the problems of the industry. I suspect a fair amount of our questioning this afternoon will be for the purpose of educating the Commissioners. We have only one educated Commissioner when it comes to fish, and I am not going to ask Mr. MacKichan to ask questions because there is a certain element of certainty with him asking questions because he already knows the answers. I will start and ask some questions because I do not know the answers, and



perhaps I can ask some of the questions which are in the minds of my colleagues and they will have an opportunity to follow it up later.

I would like to start my line of questioning in relation to the salt fish exporting, perhaps mainly because in my ignorance it sounds a little more complex, perhaps it is not, but I think I can follow it through a little more easily, and I would like to start at the production end and work through, just try to get what happens, and the general information to let us see how things happen. If someone would just tell us what happens, first of all, the output at the fisherman's level, the output of cod fish, and the quantities, if they have been varying much and so on.

R. MR. MacKENZIE: The majority of the output today sir, comes from Newfoundland fishermen, and it will vary from, or it has varied over the past five years anywhere from 650,000 up to 900,000 quintals, approximately 40 per cent of that has been coming to the main land for processing as a salt bulk fish.

I don't know whether members of the Commission are clear by what we mean by salt bulk fish, but the fresh cod is caught by the fishermen, they are split, the backbone is taken out, and laid open and salted. The fish that comes up here is commonly known as heavy salted fish versus the



popular production in Newfoundland of light salted, or slack salted fish.

Some markets have distinct preference for these two different types, but the fish comes up here as a bulk commodity, and then is processed in our modern drying plants for export to the market. As you all know, costs over the past 10 years have risen tremendously, whereas by the figures quoted in this brief you can see that our returns have not risen at all. In fact, this price quoted, the average price for the Santiago de Cuba market of \$17 to \$17.50 per 100 pounds. Since this brief was made up, that price has now been reduced to \$16.50. Actually our export price is \$17 f.o.b., but when the U.S. exchange is applied it brings us down to the \$16.50 mark.

THE CHAIRMAN: If you would be more comfortable sitting down Mr. MacKenzie, please do that.

On this variation from year to year, you have indicated I think that the output varied from what was it, 600 --?

MR. MacKENZIE: Approximately I think the low production period we feel for the last 10 years would be 1955 in which the total production, I am speaking in terms of cod fish now for Newfoundland and Nova Scotia was under 700,000 quintals.



THE CHAIRMAN: And it has gone up to
as high as --?

MR. MacKENZIE: To as high as 900,000
over the past 10 years. Twenty years ago Newfound-
land's own production would be 1-1/4 million.

THE CHAIRMAN: It has been tending down-
wards then?

MR. MacKENZIE: The trend has been down-
wards as the number of fishermen engaged in the
fishery has depleted.

THE CHAIRMAN: But this variation from
year to year, you could have a considerable change
in output from year to year?

MR. MacKENZIE: Mainly due to the fish
themselves. The variation that I think of now was
from 650,000 to 900,000, is mainly due to avail-
ability of fish to be caught.

THE CHAIRMAN: Is this unpredictable
from year to year?

MR. MacKENZIE: It is unpredictable.
The fish run in cycles. Your weather conditions
have a lot to do with it. Last year, for instance,
on the Labrador coast, the ice did not go out,
and Northern Newfoundland coast as well, the ice
did not leave the coast until well along into
July. The Straits of Belle Isle last year -- I
flew over them on July 5th, and you could have
walked from Newfoundland to the Labrador coast.



Normally that ice is gone, well I know of one boat that is preparing now to leave from Halifax here in about a week's time to go to Battleford on the Labrador coast just north of Belle Isle, and the ice is out sufficiently for the boat to pass through. Two months earlier.

THE CHAIRMAN: What is the normal fishing period?

MR. MacKENZIE: I would say that the average period of production of salt cod would be from about mid-May through until the end of October or early November. As indicated here in the brief, the stocks that are carried by the processing firms are very heavy. Those purchases are made during the months of September, October and November; maybe about 90 per cent of your total year's returns in those three months, and then you must carry through until the next production is available.

THE CHAIRMAN: Is the output from May to November pretty constant monthly?

MR. MacKENZIE: From the fishermen?

THE CHAIRMAN: Yes.

MR. MacKENZIE: The output actually from the fishermen after the end of August peters off very rapidly, and there is only a very small output in October and November.



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THE CHAIRMAN: Did you say that is the period then in which you buy up the fish?

MR. MacKENZIE: That is when they buy them, and they cure them, it takes, the minimum time for curing would be 21 days under salt, and then the fish is gathered up by the vessels at the various ports around the coast, and brought into the central plants either of Newfoundland or Halifax.

THE CHAIRMAN: And is storage at the central plant?

MR. MacKENZIE: Storage is maintained at central plant. In my own plant, for instance, I have two cold rooms capable of handling about 5 million pounds of fish.

THE CHAIRMAN: How many processing plants would there be? You referred to the fact that they are highly specialized plants. How many would there be?

MR. MacKENZIE: In Nova Scotia?

THE CHAIRMAN: Well -- and Newfoundland I presume.

MR. MacKENZIE: I am afraid I cannot answer the question on Newfoundland. Out of this list here of members in Nova Scotia the ones that would have these large plants and carry a large stock Adams and Knickle Limited, Zwicker and Company Limited, Halifax Fisheries Limited,



A.M. Smith and Company Limited, Ritcey Brothers (Fisheries) Limited, those would be the six largest operators as far as listed, but the exports from Nova Scotia as indicated here are approximately 80 to 90 per cent of the total exports handled by the firms listed in that list.

THE CHAIRMAN: The fish may travel some distance from the fishing points to the plants.

MR. MacKENZIE: Oh yes. They come down as far as -- Oh, up around Hamilton Inlet.

In fact the boats have gone -- one of my own boats here in 1950 went as far north as Greenland fishing -- That was on an experimental trip. It did not prove out too well, frankly.

THE CHAIRMAN: You have indicated that the total trend has been downward, but there has been also some shift towards Newfoundland as the main source of supply. Does that mean that the Nova Scotian end of the business has been declining more rapidly then?

MR. MacKENZIE: That is quite true.

The Nova Scotian production of salt cod over the past two decades has declined tremendously. Twenty years ago our firm would not handle -- I doubt if we would handle one pound of Newfoundland cod. We handled a lot of Quebec



cod, Magdalen Islands on the North Shore. At that time we probably purchased from 30 to 40,000 quintals of Nova Scotia heavy salt and slack salted cod fish. Today I would say -- one of the larger firms would starve to death if they had all of the Nova Scotian salt cod production.

MR. JOHNSON: May I interject there.

For the information of the Commission I obtained these figures last year in connection with another brief I was working on. Our members, who are owners of fishing vessels, gave me the figure of the combined total from our Nova Scotian fishing fleet which was about 5 million pounds of salt cod fish which was imported into Nova Scotia from Newfoundland of wet salted cod which for last year was between 30 and 35 million pounds; so our own local fishing vessels contribution was about 5 million, for those 10 or so vessels, versus 30 to 35 million.

THE CHAIRMAN: Have any plants been closed within the last 10 or 15 years in Nova Scotia, or are the same plants operating that were operating say 15 years ago?

MR. MacKENZIE: Yes. One very substantial plant that has closed in the last 10 years, Robin, Jones and Whitman -- they still have an office here in Halifax, but there is no processing done here at all.



In the last 20 or 25 years why there has probably been half a dozen or more. I couldn't name the names now, but at one time the waterfront was dotted with salt fishing plants.

H.R. Silver, Farquhar and Company.

THE CHAIRMAN: Would those be small plants? You have referred to the changing techniques.

MR. MacKENZIE: No. Those were very large exporters. Robin, Jones and Whitman were probably at one time the largest exporter in Nova Scotia. I believe that is right, is it not, Mr. MacKichan?

COMMISSIONER MacKICHAN: That is right.

MR. MacKENZIE: The relatively high cost -- I say "relatively high cost" of labour in Halifax that is paid -- the reason for the use of the word "relatively" is because of the inefficiency.

Lunenburg is paying more for their labour than Halifax. They are getting about twice the efficiency out of their labour that we are. Therefore the use of the word "relatively high cost".

THE CHAIRMAN: I cannot let that statement pass. I am going to ask you is there any reason for the high efficiency of the people in Lunenburg and the low efficiency of the people in Halifax.

MR. MacKENZIE: This would require a two-fold answer. The people in Lunenburg are or have



been associated with fishing and the fishing industry all their lives, and a good job well done comes by second nature to them; whereas, with the high cost of operating today and the low cost of return, your Halifax plants cannot pay a wage sufficient to attract a working man that takes an interest in his job. He does not care one way or the other what happens. You would say "Why keep him", but the thing is you cannot get anybody else. You are stuck with him.

THE CHAIRMAN: You mean to say there are still people in Halifax like this?

MR. MacKENZIE: I am sorry to say that there are.

Mr. Johnson has reminded me they have a large turnover in labour as well. Actually that is something I cannot blame them for. He will come to work until he can find a job that will pay him more money then he leaves. As I say, I cannot blame him for doing that at all. If you could get efficient labour you could easily afford to pay more for it, but you cannot get it.

THE CHAIRMAN: You have referred to changing techniques in this industry. I wonder if you could take me through the technical aspects from the actual catching of the fish from the time it lands in the plant and what happens to it there



before it goes out as a finished product.

MR. MacKENZIE: Well, pre-war -- World War II, that is, roughly 75 or possibly 80 per cent of the fish dried were dried by placing them out on flakes in the sun. This was done mostly by the fishermen themselves. In Newfoundland this was done by the wives and children and to a certain extent it was done in Nova Scotia, but the man did a lot more of it here than they did in Newfoundland.

Gradually as the fishermen and their families got away from curing fish for two reasons -- one, they did not want to do it, and secondly they wanted to be able to use that time to produce more fish -- more salt cod -- then it became necessary for the plants handling fish to have facilities of their own for drying.

Hence the so-called modern drier was evolved. There are probably 10 or 12 different types in operation today. The majority of them operate on the principle of forced draft air with some heat which raises your temperature and incidentally in this temperature, the maximum that can be put on wet salted fish would be about 80 or 81 degrees. Beyond that you will burn them. It is a slow process. You are hampered by weather conditions. In the summertime with hot temperatures and heat humidity your drying rate



is reduced as much as 80 per cent.

I have seen it when it would take seven days to run your fish through the drier for the first run. There are usually two runs. They are put in for about 24 or 36 hours in the winter time, taken out and press piled to take the moisture out so you can put them on a second run and bring them down to 38 per cent moisture content, as a rule.

There has been a lot of experiment with these driers. Some of them used refrigeration, but actually your air did not take the excess humidity out of this.

There was one brought into Nova Scotia operated by Zwicker and Company which used a chemical process to accomplish dehydration, probably one of the most modern in use today, but that particular drier is an expensive operation.

THE CHAIRMAN: May I go back just a little further here. I gather from you that most of the Nova Scotia cod fish which is caught is caught by vessels owned by processing companies.

MR. MacKENZIE: That is correct. There are only three companies left today operating in the so-called salt fish bankers. Apparently the so-called salt fish bankers are Ritcey Brothers Fisheries in Riverport, Zwicker and Company and Adams and Knickle in Lunenburg.

1. The first part of the paper is devoted to a general discussion of the problem.

2. In the second part, we shall consider the case of a single particle. The results obtained in this case are of great importance for the understanding of the general case.

3. The third part of the paper is devoted to a detailed analysis of the results obtained in the previous sections.

4. In the fourth part, we shall discuss the physical interpretation of the results.

5. The fifth part of the paper is devoted to a summary of the results and a discussion of the conclusions.

6. The sixth part of the paper is devoted to a detailed analysis of the results obtained in the previous sections.

7. In the seventh part, we shall discuss the physical interpretation of the results.



THE CHAIRMAN: Those are trawlers, are they?

MR. MacKENZIE: No, those are schooners, the old hook and line dory fishermen, although one of these firms tried long lining here a few years ago for salt fishing, but they found it just would not work out, and they are dory fishing still.

THE CHAIRMAN: They go out, how long do they stay out?

MR. MacKENZIE: Oh, they would be out anywhere from three to five weeks, possibly six weeks.

THE CHAIRMAN: What happens to the fish as they are caught?

MR. MacKENZIE: The fish, as they are caught, are split and salted right aboard the vessel.

THE CHAIRMAN: So they are stored salted. They are not frozen?

MR. MacKENZIE: No, they are stored in a salted condition. Actually the vessel is used as a curing plant. When they reach the shore the fish are pretty well cured, that is to a salt bulk stage.

THE CHAIRMAN: And then, there is nothing to do but put them through this other processing?



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MR. MacKENZIE: They are brought in, put in storage and as they are required they are washed out, water force, the water is drawn off them, when they are washed the drying process commences.

THE CHAIRMAN: How many employees would there be on a schooner?

MR. MacKENZIE: I am not sure, but I might answer that somewhere around 25 to 30, anywhere between 20 and 30 men.

THE CHAIRMAN: And in a typical firm how many schooners would you be operating?

MR. MacKENZIE: The largest operator today is Ritcey Brothers, they have five. At one time there were 100 operating out of Nova Scotia.

MR. JOHNSON: I am in the process of getting that information now: Ritcey Brothers have five vessels, Zwicker and Company have three, Adams and Knickle have one, and W.C. Smith and Company have one. All except one is under 200 gross tons in size.

THE CHAIRMAN: These employees then are engaged in this operation, the men on the schooners, for about six months of the year?

MR. MacKENZIE: In salt fishing, no, they have only over the last few years to my knowledge only been making about two trips a year salt fishing.



They make their first trip starting around the first of April, and if they finish by inside of six weeks or to mid-June, they may make a summer trip as well.

THE CHAIRMAN: What do they do the rest of the year?

MR. MacKENZIE: The rest of the year the boats are used for fresh fish operations and for freighting.

THE CHAIRMAN: Is there a year-round activity, can you get a year-round activity out of it? Can the men work for 12 months?

MR. MacKENZIE: Yes, very few of the vessels that are laid up for any length of time make the two salt fishing trips, and during the early part of the summer they are used on a fresh fish operation, and around about the middle or end of August, they go on to a freighting operation from Nova Scotia to Newfoundland, taking stores down, and taking salt bulk fish back, and that will carry on to about the middle of December, and then they go into fresh fish operations for the winter months.

THE CHAIRMAN: What sort of wages do they earn during the salt fish period?

MR. MacKENZIE: They are not on a wage on the salt fishing trips, they are on a share basis.



THE CHAIRMAN: Can you give us some idea what their earnings on a six-week trip would run?

MR. MacKENZIE: A rough guess, I would say around \$300 -- Mr. Johnson, you could answer that question.

MR. JOHNSON: I have no figures.

MR. MacKENZIE: I am basing that somewhat on my own trawler operations. I have two trawlers and at one time we used them fairly extensively for salt fishing, we made five trips one year, and the average length of a trip with those boats was about 30 to 33 days, and they had a considerably smaller crew than the schooners, they carry a 17-man crew, and their average earnings per trip were between \$350 and \$400 -- the maximum, I believe, was about \$430, and that would be for a four or five-week trip.

THE CHAIRMAN: And then would it go on to fresh water fishing?

MR. MacKENZIE: Yes.

THE CHAIRMAN: But they stay with the company, in the company's employ. Do they stay on a share basis?

MR. MacKENZIE: Yes, they stay on a share basis on the draggers they are strictly shares, there are no salaries involved, except that the



engineers have a base rate of \$4 a day for the chief, and \$3 for the second plus a share, it is just a little extra inducement to the engineer. Captains get 4 per cent of the gross plus a share, and the mate, figuratively he gets a share, but in actuality he gets 1 per cent of the gross.

MR. JOHNSON: It may be of interest to you to know that I mentioned getting figures on the number of these vessels in use at the present time, and I obtained that same information in September, 1952, and at that time there were 23, so the decline between 1952 and 1958 is from 23 down to the present 11. One of the big problems is to get crews for these vessels, and a large percentage of the crew men are Newfoundland fishermen, not Nova Scotians, they come here from Newfoundland to work on the boats.

THE CHAIRMAN: Now, the remainder of the year they are engaged in this freighting business?

MR. MacKENZIE: The schooners, yes.

THE CHAIRMAN: I assume they are on wages then?

MR. MacKENZIE: Yes, they are, and possibly to forestall the next question, I cannot tell you what the wages are. There is one thing I would like to add in as far as trawler operations go, in this matter I am associated with fresh water as



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well as salt. We built a trawler in 1944, and one in 1945, and again in 1950. To go back possibly prior to our operations, to go back to 1930, the vessels at that time cost about \$30,000 or \$35,000 to purchase, to build a first-rate schooner. Their catches at that time were worth an average of about 3-1/2 or 4 cents per pound delivered to the fresh water plant. In 1944 to build the so-called at that time modern trawler in Nova Scotia of wooden construction, was a rough figure of \$150,000, and the average price per pound of your catch was about 2-3/4 to 3 cents. Then the third trawler we built in 1950-51 was at a cost of approximately a quarter of a million dollars, and the average price of fish today, fresh water operation is from 3 to 3/4 cents. A comparison of operating costs in 1944 when we first started, we were paying \$7.35 a hundred gallons for diesel fuel, last year diesel fuel reached a high of \$17.40 per hundred gallons, and that is based on a quantity of 5,000 gallons. I am talking in terms of 5,000 gallons of fuel, so that when we first started the operation, right from the thirties up to today, all our operating costs have been rising anywhere from 50 per cent to 250 per cent. Our return, except that we have increased our production through efficiency, our return per pound since the start of operations of our trawlers in 1945 has only



increased by about 10 per cent, and in actuality is about 20 per cent below the price per pound of the raw product in 1930.

THE CHAIRMAN: Has there been any adjustment in the share to the fishermen?

MR. MacKENZIE: Yes, there has. When we first started operating in 1944 and 1945, the lay with the trawlers was a 50-50 division, out of the owner's 50 per cent they paid the captains percentage which at that time amounted to 10 per cent of one-half of the gross that the owner paid to the captain. I think that is correct. Then, you had all the upkeep of the vessel, the insurance, the annual overhaul and so on to cover. And now, out of the crew's 50 per cent at that time, they paid for the fuel, the ice, their food, any extra labour that they had to hire when they landed, and I believe there was an annual charge for gear, splitting it 50-50. Then, around 1949-50 the lay was changed to a 37/63, the crew got 37 per cent and the only thing they paid for out of that 37 per cent was the food. Out of the owner's share there was an additional 4 per cent deducted for the master's percentage, and all the other expenses were borne by the owner.

THE CHAIRMAN: How are these things arranged? Is there an organization?

MR. MacKENZIE: No, at that time it was



arranged more or less with the group talking it over with some of the crews and the companies. The reason for changing it to the 63/37 per cent basis, on the old 50/50 lay, on a very small trip the boat could come in with a crew owing the company \$400 or \$500, or possibly \$1,000 depending on what their expenses were on the trip.

Actually, I think that happens in one or two instances where I believe the peak that it ever happened in our case, our crew owed the company \$22. They have to work that off on the next trip. Granted, on a large trip the crew would benefit tremendously from the 50/50 lay, but on the small trips particularly what we were getting in the summer time, in those periods it was felt that it would be better to give them what amounted to a guarantee that they were not going to go in the hole, but were going to make something out of it.

THE CHAIRMAN: I believe we have been told that there is a Government subsidy for the purchase of fish. Are the companies eligible for this?

MR. MacKENZIE: I don't know. Perhaps Mr. Johnson could answer that better than I could sir. I don't believe -- in a individual company, it would have to come on an industry-wide basis. If sufficient reason could be given to the Federal Government to invoke price support for any given period, then it



would be paid on the basis of payment to the fishermen. I don't believe --

THE CHAIRMAN: I am referring to the purchase of trawlers.

MR. MacKENZIE: Oh I am sorry, I thought you were talking --

THE CHAIRMAN: I was thinking of price support, but I believe there is a subsidy.

MR. MacKENZIE: There is a subsidy of \$165 per ton on vessels under 60 feet.

COMMISSIONER MacKICHAN: Most of them are 59 feet 11 inches.

THE CHAIRMAN: Really the only point I wanted to get clear was are you eligible, I mean are the companies eligible for this?

MR. MacKENZIE: My understanding, I seem to be corrected, my understanding now is that the larger boat is not eligible.

COMMISSIONER MacKICHAN: I am sorry Mr. Chairman, there is no subsidy of the larger trawler such as Mr. MacKenzie has been describing.

MR. MacKENZIE: What is it up to 100 feet?

COMMISSIONER MacKICHAN: Sixty feet except at the discretion of the Minister.

MR. MacKENZIE: The only break that is given the operator of a larger trawler is the special



write-off that was set up under the Canadian Vessels Construction Assistance Act. Assuming that you were in the happy position of earning sufficient funds, you could write off up to 33-1/3 per cent in any one year.

THE CHAIRMAN: Accelerated depreciation.

MR. MacKENZIE: Special depreciation. Unfortunately, you have to earn it to take it.

THE CHAIRMAN: Now we usually stop at 4.30, and it is half way through now. I have got the fish on shore, I have a few more questions about what happens after that, but I think we will take our break now if that suits you.

--- Recess.

--- Upon resuming.

THE CHAIRMAN: Come to order. Mr. MacKenzie, some of the fish which go to the plant is caught on boats which are owned by the same company that owns the plant?

MR. MacKENZIE: Yes.

THE CHAIRMAN: But there are other fish which are caught by independent fishermen that also go to the plant for processing?

MR. MacKENZIE: That is correct.

THE CHAIRMAN: Are the fish caught in the schooners of the companies that own the plant,



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are they landed at the nearest point, I presume or whatever your vessel fishes out of, and then transported to the plant wherever it is?

MR. MacKENZIE: No. The schooners when they go on a salt fishing trip, they bring their fish back to their home plant. In this case they are all operating out of either Lunenburg or River Port, and the fish are landed there, at their home land.

THE CHAIRMAN: But the independent fishermen lands his at some fishing village or fishing wharf somewhere?

MR. MacKENZIE: By "independent fishermen" I assume you mean the small shore fishermen that may row out daily in a dory or small powered open boat.

THE CHAIRMAN: All right.

MR. MacKENZIE: He in most cases -- he has a small building with a landing stage on the shore and he skins and salts his own fish. In quite a few cities in Newfoundland, some of the large companies will have an agent there or have a store of their own and they will buy fish from the knife. The fisherman brings them in and fillets them and ashes them and then they are weighed out, and the company pays him so much a pound.



THE CHAIRMAN: This is precisely what I wanted to try and visualize, the independent fisherman gets his fish on the shore and then he processes it to some extent?

MR. MacKENZIE: He processes it to the salt bulk stage, that is in the heavy salted fish. The majority of the heavy salted fish is only processed to the salt bulk stage by the fishermen. He may dry a few things. In some years they dry more than others, but as a rough guess I would say 85 per cent of the heavy salted fish is dried at a central curing plant rather than on the shore, whereas with the slack salted fish the figure would be just about the reverse, somewhere between 15 and 80 per cent would be dried on the shore rather than at central curing plants.

THE CHAIRMAN: And never goes to the central curing plant?

MR. MacKENZIE: It goes to the central curing plant to be packed and shipped and possibly, perhaps I shouldn't use the word "possibly" because the fisherman is not drying his fish as hard as it is necessary for the market. The majority of them are put through the drier again to bring them down to 38 per cent moisture content.

THE CHAIRMAN: An agent of the company will buy the fish at his building?



MR. MacKENZIE: Yes, they will have a salting stage there, large buildings that they can accommodate the produce from 10, 12, 15 or 20 fishermen, and they will buy them from them. The average price paid around Newfoundland last year for split fish was a cent and three-quarters to a cent a pound for the fish split.

THE CHAIRMAN: How much lower is the fish split than the fish unsplit? What loss is there?

MR. MacKENZIE: On a cod fish they will lose approximately 37 per cent, that is for the head and the backbone.

THE CHAIRMAN: So the price paid per pound is about two-thirds of the weight, or less than two-thirds of the rate of the fish caught?

MR. MacKENZIE: Essentially that is correct, yes, because in that 37 per cent I am not making any allowance for the gutting of the fish.

THE CHAIRMAN: At any point where the fish are bought there will be a number of agents?

MR. MacKENZIE: I wouldn't say at any point sir. In quite a few of the larger centres there would be one or more, possibly two or more agents, but in a small area, some of the smaller villages around the coast of Newfoundland you usually find only one agent buying from the knife for two reasons:



The production is not sufficient in a very small village to carry two operations of that kind.

Most of the companies have an area on the coast that they supply with goods in the spring of the year and carry the fishermen through until they have their fish in the fall that they can pay for after at the company's store and so on on. You will find that where one merchant is carrying a district that another merchant will not go in there. That holds pretty much true.

THE CHAIRMAN: That is the sort of situation then where the fisherman really has no alternative but to sell to that merchant?

MR. MacKENZIE: No alternative in the case where there is only one agent. If he wishes to sell fresh, he must sell to that party, but if he wishes to salt his fish, there is fairly heavy competitive buying in that part of the year of his salt bulk.

THE CHAIRMAN: What does he normally do when he has landed and split? Can he keep it fresh? How long can he keep it fresh?

MR. MacKENZIE: In the fresh state?

THE CHAIRMAN: Yes.

MR. MacKENZIE: A very few hours, a matter of less than a day unless -- well, in the early summer there are a lot of icebergs around Newfoundland.



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In fact, that is the way all the salmon is shipped up here. The majority of the ice used is simply from icebergs, they chip a piece off and bring it in, and grind it up and they can keep their fish quite a while that way.

THE CHAIRMAN: Once it is salted, they can keep it for some time.

MR. MacKENZIE: Once it is salted they can keep it for some time, and heavily salted it will keep under proper conditions for a year or more, as long as it doesn't get too much heat. All salt has this red bug in it that under proper conditions of heat and moisture will grow and it will turn the whole fish red. It is quite a difficult process to get rid of it once it gets in there.

THE CHAIRMAN: You gave me some price figures a minute ago. I am afraid I have forgotten them. Was it 1-3/4 cents a pound?

MR. MacKENZIE: Pardon?

THE CHAIRMAN: Did you say 1-3/4 cents a pound?

MR. MacKENZIE: The price for split fish?

THE CHAIRMAN: Yes.

MR. MacKENZIE: From a cent and three quarters to 2 cents a pound. I should raise that. I paid as high as 2.20 in St. Anthony last year.



THE CHAIRMAN: Does that vary? Would you say it varies between points?

MR. MacKENZIE: It varies between points depending upon the competition of the buying, the quantity of the production, whether or not there is surplus production. If there is more fish than a plant can handle, they may take so much at a given price, and then you have a price for so many thousands of pounds thereafter.

THE CHAIRMAN: The distance from the plant is a factor, is it? Are there transportation costs?

MR. MacKENZIE: In most cases the fisherman can land -- well, I should say, in all cases where you have a supply agent like that, the fisherman will land his fish right from the boat on the dock, and it is split there, and then it is put right into the plant.

THE CHAIRMAN: Is there a normal seasonal variation in the price or does it remain pretty constant throughout the season?

MR. MacKENZIE: Yes, fairly -- I would say fairly constant. There is not too much variation.

THE CHAIRMAN: Can you give us any information on the way in which the prices have changed over the last 10 years? I understand it has been fairly constant.



MR. MacKENZIE: I do not think that I could accurately answer that question, sir. Over the last five years, the price has risen in the remote areas from around 1-1/4 up to a cent and three-quarters. By "remote areas" I mean like on the Labrador coast where there is very very little competition. If there is one supply house in the area, that is all. Nobody else will go in there.

THE CHAIRMAN: Are you familiar with the official statistics of these things like the value of fish landed and so on?

MR. MacKENZIE: In a given area?

THE CHAIRMAN: Yes.

MR. MacKENZIE: No.

THE CHAIRMAN: In general, are you? The Department of Fisheries has values of fish landed, for example, which are designed, I presume, to indicate the amount per pound or the quantity and value which the fisherman gets.

MR. MacKENZIE: I can give you, for example, last year, and the year before. I can give you the approximate value of the price per pound on both salt bulk and dry, semi-dried fish to the fishermen in Newfoundland. I do know that.

THE CHAIRMAN: My question was really to know if you were familiar with these statistics and whether you felt that they do give a reliable figure, a reliable measure.



MR. MacKENZIE: Yes, I would say so.

THE CHAIRMAN: As far as you know they do.

MR. MacKENZIE: Yes.

THE CHAIRMAN: I did get some information from you on storage costs. I gather storage is mainly at the plants that the plants have storage capacity so that they can build up stocks throughout the fishing season, and then feed them out to the market.

MR. MacKENZIE: Practically every plant would have refrigerated storage. When I say "refrigerated storage" not below the freezing point because that is not necessary in salt fish. They are held at about 36 to 38 degrees temperature in a chilled room for salt bulk, and in my own plant's case the second storage room, which is for dried fish, we hold that about 43 degrees.

That eliminates or cuts down, I should say -- it definitely does not eliminate, but it definitely cuts down the growth of the red bug in the salt bulk as well as in the dried and the appearance of "done" which is again a kind of fungus growth on the dried fish in the cool room.

THE CHAIRMAN: I have caught the fish, and it has been processed, and it is in storage now. I am going to try to find out for myself



what happens after that. I gather that most of the dry cod fish goes to the Caribbean area. Is that the main market?

MR. MacKENZIE: That is correct. I would say that 95 per cent of the Nova Scotian production goes up to the Caribbean area.

THE CHAIRMAN: Now, we have an exporter who has a plant and he has these stocks now. I understand that most of the sales are made through agents.

MR. MacKENZIE: That is correct. We maintain agents in every major market.

THE CHAIRMAN: That is, the companies maintain their own agents?

MR. MacKENZIE: The companies maintain their own agents. In my own particular case, for example, I maintain three agents in Cuba, one in Jamaica, two in the Dominican Republic, two in Haiti, two in Trinidad, one in Demararara; one in Paramarabo; one in Panama and I have one in Tangiers, Morocco.

THE CHAIRMAN: The fish leaves the plant then -- it is really sold or on consignment to the buyer?

MR. MacKENZIE: No, it is not. The day of consignment sales, as far as Nova Scotia is concerned, has pretty well gone.



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I doubt in the past five years -- and I doubt very much if 2 per cent of the total sales would have been on consignment. It is all on a straight sales basis. Your agent gets the sale from the buyer. There is some of it on Letter of Credit, but the majority of it is on sight draft terms.

THE CHAIRMAN: That is f.o.b. plant.

MR. MacKENZIE: With the exception of markets such as Puerto Rico and Brazil and Jamaica is now C.I.F.

Puerto Rico, Brazil and Jamaica is the same.

Trinidad business the same. The Demararara business is on the C.I.F. basis.

THE CHAIRMAN: So if we had a price at the plant, that is really the price to the processor, is it?

MR. MacKENZIE: Yes.

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THE CHAIRMAN: Can you give us any figures on recent prices?

MR. MacKENZIE: Well, that correction I made in there to these prices on small choice cod fish in the market of Santiago de Cuba there was recently a reduction of \$1 per case bringing our f.o.b. price in American funds down to \$17, that with the rated exchange that would bring your f.o.b. Canadian price to somewhere around \$16.40 or \$16.45.

THE CHAIRMAN: Well, the implication to be drawn from these figures for 1953 and 1958 has been that there has not been any trend in the price. Have they varied very much from year to year?

MR. MacKENZIE: Yes, they have. I believe the low was reached in 1955 or 1956, and we were getting \$14.25 in this particular market, and at that time our product cost was about \$15.75.

MR. JOHNSON: May I interject there with this Jamaica price? The Jamaica consumer price ceilings that we referred to in our brief we have here, 1953, 1s.7½d. to the consumer and 1958, 1s.7d. In between 1953 and 1958 that price went down, that consumer price ceiling in Jamaica put it down through the five-year interval to 1s.5½d. It was only as a result of strong representations that we got the Jamaican Government to raise the ceiling to 1s.6½d. and last year got it up another 1/2d. It did go down to a low in 1954 of 1s.5½d.



THE CHAIRMAN: Would you know the cost of shipping to Jamaica?

MR. JOHNSON: I have various freight rates: \$4.62 for a 448-pound cask, and there have been freight rate increase to all our major markets over the past two years. I brought along in anticipation of such a question being asked some advices of freight rate increases, and the first one is Jamaica -- it was increased in April, 1957 by 20 per cent, today it is \$3.85 per cask of 448 pounds net of fish, and the gross rate of 485 plus 20 per cent. It went up 20 per cent. Port au Prince, Haiti it was raised \$20 per 2,000 pounds, plus port charges of \$3. Havana it went up by 15 cents per hundred pounds, that was November, 1957. Santiago de Cuba there were two freight rate increases since December, 1956, the first rate was increased in December, 1956 from 90 cents per hundred pounds by 11 cents, and it increased again in November, 1957 by 15 cents per hundred pounds. The current rate there is \$1.25 per hundred pounds, and on the 100 pounds of fish we must pay freight on about 117 pounds, because the container runs about 17 pounds. The Dominican Republic was also increased, Panama increased in January, 1957. San Juan, Puerto Rico increased from 77 cents to 85 cents plus 5 cents surcharge, and was increased again in July of 1957 from 85 cents, plus 12 per cent. That is typical



of all markets, the freight rates have been increased.

THE CHAIRMAN: What lines are operating between here and the Caribbean that can be used for this traffic?

MR. MacKENZIE: With Canadian National Steamships on strike about the only major line we have Saguenay Terminals. The representative here in Halifax for Lamport and Holt Lines have sailings to Jamaica, Puerto Rico and Trinidad, but the rest of our markets, the only vessels available are Saguenay Terminals. There is a new Jamaica line instituted last month, fortnightly sailings to Jamaica direct to Canada, but for other than major markets of Jamaica and Puerto Rico and Trinidad the only line we have available at the present time on a direct basis is Saguenay Terminals, and if we have to ship by New York it would cost us approximately \$1.55 per case additional.

MR. JOHNSON: I might interject there, so far as Havana is concerned, we can ship through New York only for eight months of the year.

MR. MacKENZIE: December, January, February and March are the only months we can ship to Havana direct from Halifax. I mentioned a moment ago about the price in Santiago having been down to \$14.25. At one stage in the market of Puerto Rico again we had the same problem that we have in Jamaica, due to its having a price controlled market,



and last year Newfoundland in co-operation with Nova Scotia, we were successful in getting the price advanced in Puerto Rico by one cent a pound. To return to the exporter, at that time on a C.I.F. basis was \$17.10 per hundred pounds, or in round figures \$16 f.o.b., but since all our negotiations in Puerto Rico are on a C.I.F. I will stick to the C.I.F. figure when I am talking here. One of the severest competitors that we have in the market of Puerto Rico -- I say we as Canada, not as Nova Scotia versus Newfoundland -- is French. France last week made an offering of 15,000 to 20,000 cases at \$16 C.I.F. I had a telephone call from Puerto Rico this morning, and evidently Newfoundland have quickly countered that offering, and they have reduced their price now too on selected salted fish which is the preferred quality in Puerto Rico. They are quoting now at \$15.77 C.I.F., on heavy salted \$14.82, and heavy salted semi-dry, \$14.25. Now, to convert that back to f.o.b. on a round figure basis, take off \$1.15 and it brings your selected salted down to \$14.62 f.o.b. per hundred pounds.

That particular fish on the Newfoundland coast last year, it would be better for me to put it on a delivered Halifax basis, that particular fish cost my firm 11-1/4 cents per pound. Now I



have had seven months storage on it. I have had to re-dry it. I lose approximately 10 pounds a hundred, it will add a dollar to the cost of it, plus the actual cost of drying; your case in packing costs about \$1.50. The next cost ex plant would be about \$15.80 and our net return is \$14.62. A poor way to do business.

THE CHAIRMAN: Are there any alternative markets there?

MR. MacKENZIE: For that particular product, that is slack salted fish, Jamaica and Brazil. Brazil is the major market in the western hemisphere. They consume annually almost as much fish as the rest of -- that is, salt fish -- as the rest of the western hemisphere put together.

In 1953 the market in Brazil took 770,000, 50 kilo cases, or one quintal case which at that time was greater than the whole of the Canadian production of that particular year. Brazil is a premium market. It has always paid more than any other market in this hemisphere, but through barter deals with railway and exchange difficulties, it has been closed to us, with one or two exceptions since 1950. It opened briefly in 1954 and it opened very briefly this past winter. I managed to get one shipment in and one only, and I believe the total quantity that went forward from Canada



was in the order of some 60,000 half drums or 35,000 quintols-- which is a rough go.

If the Brazilian market were open to Canadian exporters, he could definitely get a much better return for his product. We would have to be considerably more careful of it in shipping to that market than he is in a lot of the markets that we are shipping to today, but if you deliver what they want, they will pay a premium price for it.

Due to the agio on the creuizro fish that we ship from here, say for argument sake that you ship fish, Nova Scotia to Brazil, and we are able to get a permit for February of this year, the C.I.F. Santos or Bahia or Receife price for half-drum of 64 pounds was \$14.15 due to the premium. The cost to the Brazilian importer was \$1.53 a pound as against approximately 18-1/2 a pound to Halifax. The Norwegian fish is coming in without any extreme penalty, call it a penalty that is what it is. As far as Canada is concerned, it is a direct, it is an indirect embargo, but it is absolute when it is in effect.

THE CHAIRMAN: I should say, I think you can understand this, that this Commission is concerned with the domestic price spread.

MR. MacKENZIE: I realize that.



THE CHAIRMAN: We feel that we are interested in the export situation in cases of commodities which are almost wholly exported mainly to the extent to which conditions in the export market are reflected back to the situation in Canada.

MR. MacKENZIE: In this case I am illustrating the reason, I did not carry it through to its final analysis, the reason bringing in the Brazilian picture. If Canada were on an equal footing with Norway in the Brazilian market, the return to the exporter could be as much as 50 per cent more than it is today. That is, the fish that we ship to Brazil could return us as much as 50 per cent more than the same fish shipped to Jamaica or Puerto Rico. If the exporter was getting 50 per cent more, he could afford to pay more.

THE CHAIRMAN: That is right.

MR. MacKENZIE: Pay more to the fisherman.

THE CHAIRMAN: We are interested in the story you have given us, because of that sort of relationship, but if I might just, I am almost through, I just want to wind this up by bringing it back to the domestic situation. A very small portion of your product is actually sold in the Canadian market?

MR. MacKENZIE: In the Canadian, no I don't suppose I have sold 5,000 pounds of fish in the



last 10 years to the Canadian market.

THE CHAIRMAN: I don't think I ought to take up your time asking you questions about that. Thank you very much. You have been very helpful.

MR. JOHNSON: Just in passing, it might be of interest to know what the price ceiling is imposed by the Government of Puerto Rico in so far as salt fish is concerned. I have the figures here, they have a three-pronged price ceiling, a maximum on sales to wholesalers, to retailers and to consumers, and the maximum price to consumers is 23 cents a pound at the present time; 18 cents to retailers and 17 cents a pound on sale to wholesalers.

Puerto Rico normally buys 30 to 35 million pounds of fish annually, as much as the rest of the Caribbean put together.

THE CHAIRMAN: Just a point of interest, there is no control of the mark-up I suppose? It is just a final consumer's price that is set?

MR. MacKENZIE: Yes. These are maximums enforced by the Government on sales to these various people. Now if the wholesaler can buy cheaper under the minimum price, he can sell it, buy it as cheap as he can and sell at the maximum.

THE CHAIRMAN: I think my colleagues have one or two questions they would like to ask



Mr. MacKenzie just to round this out.

COMMISSIONER MARTIN: Just a minor question Mr. Chairman, it is about the figures given on page 6. On page 5 you refer to the year 1953-1958 for the price paid fishermen, export price, and on page 6 you refer to a consumer price ceiling for the years 1953 and 1958, and we do not have the figures for the hourly wages paid -- I mean for the year 1953. Would it be possible for us to have those figures?

MR. JOHNSON: I don't happen to have that information sir. I can develop it for you quite readily. The reason I picked 1942 was in the course of getting material for this brief I was going through Minutes of the Association, and I stumbled across a Minute of the meeting in 1942 which had these figures, and that is why I picked 1942. I can very readily get those and pass them on to the Secretary.

MR. MacKENZIE: From Halifax I would say sir from memory the average hourly wage for 1953 would be in the vicinity of 75 cents.

THE CHAIRMAN: We would be very grateful Mr. Johnson if you could get those.

MR. JOHNSON: I shall do that.

THE CHAIRMAN: I am not questioning your figure, Mr. MacKenzie, but just to bring it in line with the prices.

THE HISTORY OF THE

WARRIORS

OF THE NORTH AMERICAN INDIANS

BY

JOHN R. SWAN

OF THE ARMY OF THE UNITED STATES

AND

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COMMISSIONER KIDD: Following through some of the points raised by the Chairman, and he has covered most of them, but on your last page you give us the consumer price in Jamaica. Really what you are interested in is the export price, is it not?

MR. MacKENZIE: Yes, but the export price is directly governed by what the consumer can pay. If the consumer is, in 1958, as the case in point, is limited to or rather I should say, the retailer is limited to 1s.7d. per pound for his fish, he can only pay so much for it. In fact they have got it regulated now, that the retailer's mark-up is so much, the wholesaler's mark-up is so much, and the importer's mark-up is so much. They have been fixed right down to the last halfpenny.

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.C.

COMMISSIONER KIDD: That price is approximately 24 cents on the fixed rate, is it?

MR. MacKENZIE: 1s.7d.?

COMMISSIONER KIDD: At the going rate of about 22 or 23.

MR. JOHNSON: I think I have with me --

MR. MacKENZIE: 1s. today is just under 14 cents, between 20 and 21 cents at today's rate.

COMMISSIONER KIDD: Did I gather from you earlier on, is this a similar price to that paid at Puerto Rico and Haiti?

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MR. MacKENZIE: The price in Jamaica is slightly higher than Puerto Rico.

MR. JOHNSON: Puerto Rico to consumers is 23 cents, so it is roughly the same.

It might be interesting to know that in both Jamaica and Puerto Rico, which is the heaviest selling for dried salt fish, they make no distinction as to grade and sizes, yet we produce and have to under our Canadian Government Inspection Regulations, first the extra large, and large and medium and small and extra small. We have choice, standard, sub-standard and inferior. They do not recognize grades and sizes.

Of course, it is the practise of the industry to have differentials for grades and sizes.

MR. MacKENZIE: Except they do ask for the special grades and as much of the larger sizes as they can get.

COMMISSIONER KIDD: Well then, going backwards on this f.o.b. basis in Canadian dollars in Santiago de Cuba, it comes to about 17 or 17-1/2 cents, using the same period of time as you have used on page 6.

MR. MacKENZIE: Yes.

COMMISSIONER KIDD: So the difference there runs, I would gather, between 6 and 7 cents from the f.o.b. price to the retail price.



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MR. MacKENZIE: No, the retail price does not apply in Cuba.

COMMISSIONER KIDD: At the same time I gather that prices are similar in these areas. Is there a difference between retail price in Santiago de Cuba and Jamaica?

MR. MacKENZIE: A considerable difference. I am not sure --

COMMISSIONER KIDD: There are a variety of difference in between your f.o.b. price and the final price in these areas.

MR. MacKENZIE: Yes. I am not sure just what the actual consumer's price is in Cuba, but on that \$17 you have freight. In the first place in Cuba freight and insurance amounts to about \$1.35. They have import duty in Cuba around \$5 per hundred. That brings you up to 23 cents to the importer. I believe the retail price of salt fish in Cuba is somewhere in the 30-35 cents per pound.

COMMISSIONER KIDD: Working backwards and going back still further, the price paid to the fishermen for bulk cod fish is 6-1/2 to 7 cents a pound.

MR. MacKENZIE: Yes.

COMMISSIONER KIDD: So that the difference there is approximately 10 cents between



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the price paid to the fishermen and the price sold
f.o.b.

MR. MacKENZIE: Yes, but it takes 170
pounds of that salt bulk fish to make 100 dried.

COMMISSIONER KIDD: I was going to
ask you; can you give us some information on what
accounts for the 10 cents?

MR. MacKENZIE: Well, to start off with,
the big bite out of the 10 cents is the fact that it
takes approximately -- depending on how heavily the
fish are salted -- it will take from 160-165 to 170
pounds of salt bulk fish to make 100 pounds of hard
dried, which is what this price pertains to. That
will take it -- for argument sake -- at 6 cents a
pound on the basis of 170 you have \$10.20 cost for
100 pounds of fish.

Your average overhead in the Halifax
plant and in the Lunenburg plants today is about
\$3.75 per 100 pounds. You have the cost of your
package and the cost of packing to put on top of
that which will take from \$1.25 to \$1.50 per case.

COMMISSIONER KIDD: Well then you pay the
fisherman about 6-1/2 to 7 cents. Is there much
variation in the price paid to the fishermen? I
notice you say it averages about 6-1/2 to 7.

MR. MacKENZIE: Last year the prices for
heavy salted salt bulk fish delivered to Halifax for



small fish from 12 to 22 inches in length was 6-1/4 and on fish of over 22 inches in length from 7-3/4 to about 8-1/4.

COMMISSIONER KIDD: Of the final turned over to you, by the fishermen, what percentage is choice?

MR. MacKENZIE: It will vary with the production area, and the individual fisherman that is handling it, but it should maintain 80 to 85 per cent choice quality.

COMMISSIONER KIDD: You told us, I believe, that the boats that are used are owned by the companies?

MR. MacKENZIE: The boats that are operating from Nova Scotia, yes.

MR. JOHNSON: Pardon me. May I interject there? That is not 100 per cent correct in that some of these fishing vessels in Lunenburg are share-owned by a number of local fishermen. There are as many as 26 to 50 shares in a vessel.

COMMISSIONER KIDD: Do these people come into the 90 per cent market that you talked about earlier in your statement. You said you represented about 90 per cent of the sales. Do any of these people come into that group?

MR. MacKENZIE: Only indirectly. There are 64 shares in each of these vessels. Some of them may be owned by the individual fisherman that



are fishing on them. The majority are owned by the company.

COMMISSIONER KIDD: Well now, that being the case, you have given us something about the price paid a moment ago. At the bottom of page 2 you say the buying of salt bulk fish is highly competitive. I was wondering if you would elaborate on that?

MR. MacKENZIE: Well, the competitiveness of the buying -- there is very little or no competition for the purchase of bank fish produced by these Nova Scotia schooners because in effect the company -- although there are shares outside the company -- is operating them and the fish are delivered to the respective companies.

In the case of salt bulk fish produced in Newfoundland by the shore fishermen, there may be as many as 30 buyers competing for the availabilities of salt bulk.

A large number of firms in Newfoundland and Nova Scotia firms as well do compete throughout the major production areas for salt bulk.

The price ranged last year to fishermen on the shore from, I believe, a low of around \$9.50 a draft, that is 224 pounds, through to a high of \$11.75.

COMMISSIONER KIDD: Just one final point



on this. You mentioned that the wages paid at Lunenburg were something higher than at Halifax, but that the productivity, you said, was about twice as great. What would be the reason for that, technology or what?

MR. MacKENZIE: No. Yes, basically technology could be attributed to a lot of it. Pride in your product is a very major portion of it, and the ability and desire to give a day's work for a day's pay.

COMMISSIONER KIDD: I just wondered. It seems you have mentioned about the double productivity but there was a 17 per cent difference in wages. would you comment on that?

MR. JOHNSON: May I interject there that it occurs to me there is something which we should keep in mind: In the producing plants at Lunenburg and Riverport they have to export their fish through Halifax. They have the cost entailed of transporting their fish into Halifax, which cost is not applicable to firms in Halifax.

COMMISSIONER KIDD: The Lunenburg firms would have a competitive advantage because of their higher productivity. Is that so?

MR. JOHNSON: Yes, but they have certain disadvantages by their location, where they vary from 70 to 75 miles. They have to truck their fish in here to dockside for shipment.



COMMISSIONER DRUMMOND: I have one or two questions for you. First of all a very simple question for my own information. On the very first page you refer to salt fish or salt fish product. What do you mean by products there as distinct from salt fish.

MR. MacKENZIE: Salt fish and salt fish products?

MR. JOHNSON: We would call boneless salt fish salt fish product rather than salt fish. The fish has the bone removed completely as it is stripped, whether it is put up in one pound or two-pound boxes. It is boneless fillets.

COMMISSIONER DRUMMOND: At this point Mr. Kidd has just asked you at the bottom of page 2 where you refer to the buying being highly competitive that is salt bulk fish, from the fishermen, I am not too clear yet. It seems to me a little while ago in answer to questions from the Chairman you mentioned that the normal situation was one in which a single agent on some occasions, and not more than two agents on most occasions would be in a position to make offers to the fishermen. Is that correct?

MR. MacKENZIE: I meant that in terms of buying split fish from the knife, but in the case of the fisherman who has cured his own fish to the salt



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bulk state in the Fall of the year, you have every one of the firms in Nova Scotia purchasing large quantities of salt bulk fish in Newfoundland.

In addition to that a large number of the Newfoundland processors now have central curing plants. Prior to that -- they just put them in now -- we put them in 15 years ago. They found they had to put them in.

If you have a central curing plant you must have produce, so that you do have competitive buying for salt bulk fish.

COMMISSIONER DRUMMOND: How does the act of buying take place as between the various competitors?

MR. MacKENZIE: Well, a number of mainland firms have representatives at various points around the Newfoundland coast, and Labrador, or you may be dealing through ship operator who will charter to go down for a load of fish wherever he can buy them at a set price, and so you give him a margin to work in, a peak price because after all there is a point at which you cannot pay any more that is an absolute limit.

COMMISSIONER DRUMMOND: I want to get this, the technical basis of this thing, is the buying act itself done at the fisherman's place?

MR. MacKENZIE: Yes.



COMMISSIONER DRUMMOND: Does each possible or potential buyer call there separately at different times?

MR. MacKENZIE: Not necessarily. I mean, you would not have all 30 buyers, for argument sake take 30 firms, you would not have them all end up in any one spot, but there would be no place, I would hazard a guess that there would not be any place on the coast that there would not be at least two buyers for the salt bulk fish during the Fall of the year.

COMMISSIONER DRUMMOND: The normal process is for different people to call at different times and make offers, is that so?

MR. MacKENZIE: Yes, essentially that is correct. In the case of the floor dried fish in Newfoundland the select salt fish is ready at a given time and you have an influx of buyers. There is one area I bought about 75 per cent of the fish last year, and there were four other buyers there at the time that my vessels arrived.

COMMISSIONER DRUMMOND: I see, so that the buying takes place roughly around about the same time as a rule?

MR. MacKENZIE: Yes. If I might add to that, in some cases a contract will be made with a fisherman before his production is finished,



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he will be quoted a price, he will be satisfied with that price and he will say, "I will produce fish for you for that amount and you take whatever I have got for the price." If the price goes down I have gained, and if the price goes up, I consider what I should have made for the fish, and it is O.K.

COMMISSIONER DRUMMOND: You mentioned earlier in a good many cases the individual fisherman secures his supplies from the processors, is that correct, in the Spring?

MR. MacKENZIE: There are merchants in Newfoundland, the majority of the large salt fish operations in Newfoundland have stores out around the fishing villages, and at one time a Newfoundland fisherman would have been very lucky if he saw \$10 cash money in run of a year. That has changed considerably over the past five or ten years, but it is quite true that people who were 70 or 80 years old had never had a \$10 bill in their own pocket, it was all done on credit. When the fish came in in the Fall of the year, you paid off your debit on the books, and you had a certain credit to work on until the next season came around. To a great extent they do operate on credit.

COMMISSIONER DRUMMOND: In which case they would have practically no choice as to where



they sold fish.

MR. MacKENZIE: Only to the extent that if a buyer came in from the outside and offered them a high price, if the price is only competitive, then they have not got much choice, if they are offered a higher price they can take it, and pay off their debt in cash.

COMMISSIONER DRUMMOND: On that same page you mention the most recent of the Jamacian Government's bulk buying by tender, who else could make a tender?

MR. MacKENZIE: Who else could quote on it?

COMMISSIONER DRUMMOND: Yes.

MR. MacKENZIE: Iceland, Norway, France, Denmark, the Ferro Islands. The Canadian exporters got the tender for the period from November to June, and Iceland was awarded a contract from July to December. We were asked last November to quote on fish that were still swimming for delivery to Jamaica in the fall of this year, and we quoted under protest.

COMMISSIONER DRUMMOND: That leaves one or two other questions. You mentioned a while ago that Brazil is considered a premium market.

MR. MacKENZIE: Yes.

COMMISSIONER DRUMMOND: In what sense a



premium market?

MR. MacKENZIE: In the fact that they have always paid a higher price than any other market in the Western hemisphere.

COMMISSIONER DRUMMOND: And at a higher quantity?

MR. MacKENZIE: Yes, bought a higher quantity. Norway has enjoyed that market exclusively for, very much exclusively, for the past seven years.

COMMISSIONER DRUMMOND: It is correct to say that Norway is your chief competitor internationally?

MR. MacKENZIE: In Brazil. Not in the rest of the Caribbean market with the exception of Havana.

COMMISSIONER DRUMMOND: Can you supply us with the figure for the total amount of this product that comes into international commercial channels? International trade?

MR. MacKENZIE: The amount of salt fish the world consumes today?

COMMISSIONER DRUMMOND: That is actually traded, that is bought and sold internationally.

MR. MacKENZIE: Between 2-1/4 and 2-1/2 million quintals.

COMMISSIONER DRUMMOND: Of that total, what would the Canadian percentage be normally?



MR. MacKENZIE: Roughly 40 per cent, 35 to 40 per cent.

COMMISSIONER DRUMMOND: And there are how many other countries producing?

MR. MacKENZIE: France, Iceland, Norway, Denmark, and one country that is frequently forgotten in salt fish, England. England produces a sizeable quantity of salt fish.

COMMISSIONER DRUMMOND: Is Portugal in it now?

MR. MacKENZIE: Portugal is producing the major proportion of its own requirements as is Spain.

COMMISSIONER DRUMMOND: So that is why those markets are gone?

MR. MacKENZIE: That is right.

MR. JOHNSON: The point that might be of interest there in the United Kingdom or England's production of salt fish is that their production of salt fish is fish that is purchased at distressed prices. It is only the surplus from the fresh fish. Bought in the fresh fish markets, the fish then sells at a lower price. They buy cheap fish at glut periods, consequently are nasty competition when we do get competition fish.

COMMISSIONER DRUMMOND: The reason I am asking you this question is I would like to find



if I can whether or not the total amount of salt fish being sold by all countries has been going down or not, and if so, by how much roughly, and then I want to relate that to what has been happening in respect to demand, world demand.

MR. MacKENZIE: The total amount being sold on an international basis has definitely declined with Portugal and Spain, two of the world's largest consuming countries now producing 80 to 90 per cent of their own requirements. Even Italy is producing some of its own fish today. I don't know without having the available statistics for countries that are producing for their own consumption, I couldn't answer the question as to whether or not the total world production is declining. Definitely the Canadian production has declined.

COMMISSIONER DRUMMOND: The total world market is declining? The total world demand or market?

MR. MacKENZIE: The world demand has declined, yes, but the Canadian production as a whole, Newfoundland at one time produced from 1-1/4 million to 1-1/2 million quintals. Nova Scotia produced as high as 400,000 quintals, so that the two of them combined would produce anywhere from 1-1/2 million to 2 million quintals whereas today it is probably not over at a peak year, not over 1,100,000.



COMMISSIONER DRUMMOND: It seems to me, I have been told at other times there has been a general downward trend in the consumption of this commodity, in the world at large. That is, as the standard of living rises, the demand for this particular product tends to go down, is that correct?

MR. JOHNSON: Not to any appreciable degree. The consumption -- per capita consumption in these countries that are normally consumers of salt fish, has not changed materially to the best of my knowledge. I haven't any recollection from glancing at statistics of seeing any pronounced trend.

COMMISSIONER DRUMMOND: But the main point is that there is still a normal consumer's market?

MR. MacKENZIE: Yes. The point is that the dry salt fish is their major source of cheap protein food, and until they find another source of comparative value, and comparative protein value, they will continue to buy the salt fish.

COMMISSIONER DRUMMOND: In this case you mention in connection with the fresh fish, that one determinant of your selling price is the price that is paid for competing products. That is for other protein foods, you see?

MR. MacKENZIE: Yes.



COMMISSIONER DRUMMOND: Does that apply in the case of salt fish?

MR. MacKENZIE: Salt fish, to a certain extent -- in some areas, some of the Caribbean countries have established fairly sizeable cattle industry over the past two decades. Jamacia, for instance, who at one time had practically no fresh meat at all, has a fairly sizeable cattle industry today. The Dominican Republic have made considerable strides in that direction. The offerings that they have given to people, the inducements to have cattle ranches go there, they practically roll out the velvet carpet.

MR. JOHNSON: It might be of interest in that connection to mention some figures that I have very pertinent to Jamacia. Jamacia's import of dried salt fish has changed very little. They have increased slightly around 18,000 million pounds, 18 million to 19 million pounds a year. Yet this item obtained from a Jamacian publication that the per capita income in Jamacia rose from 47 pounds sterling in 1950 to 82 pounds sterling in 1955, up 73 per cent. Nearly 19 pounds sterling more was spent on food in 1955 than in 1950, but two-thirds of that increased amount went to purchase bread, cereal, meats, eggs, cheese and butter.

COMMISSIONER DRUMMOND: Very interesting.

MR. MacKENZIE: There is one more thing



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I would like to say Mr. Chairman in regard to Jamacia, that has been a sore point in the side of the salt fish exporter in Newfoundland and Nova Scotia. Jamacia enjoyed a preference on sugar exports to Canada amounting to two-thirds on the basis of 1957 exports of sugar to Canada, the preference that they enjoy on that sugar amounts to two-thirds of the total value of all cod fish imported into Jamacia, and yet they still maintain a price ceiling on Canadian cod fish. In other words, the preferential treatment through lower duties that Jamacia enjoys on its sugar pays for two-thirds of the imports of the cod fish, and yet Puerto Rico, Cuba and Dominican Republic, particularly Dominican Republic is the major market for the Nova Scotia production of pollock which amounts to about anywhere from 90 to 120,000 cases per annum. Dominican Republic has been excluded from sugar exports to Canada. Cuba is on a quota basis. I don't know just what they did ship in last year. It is a fairly substantial quantity, but proportionate to the amount of cod fish, and so on, that they buy from Canada. As opposed to the treatment we get from Jamacia, there is no comparison.

MR. JOHNSON: Speaking of the cod fish and the sugar figures, I haven't anything for 1957,



but I have these figures for 1956. Canada's total import of raw sugar, of 575,000 tons, Jamaica supplied 132,000 tons of that total, which represented 23 per cent of our total imports. The import duty on sugar from Jamaica, and all other Commonwealth countries, is 28 cents a hundred-weight; some Commonwealth countries \$1.28 a hundred-weight. We bought in that year from Cuba 90,000 tons of sugar of which the Canadian Treasury collected \$2,580,000 in import duties, and yet the sugar is sold at the same price.

COMMISSIONER DRUMMOND: In your discussion of your operations, Mr. MacKenzie, I am thinking of your processing operations, what length of year or how many months per year or how continuously can you operate?

MR. MacKENZIE: We are operating continuously 12 months out of the year. You must lay in sufficient supplies from the end of August to carry you through until the end of August.

COMMISSIONER DRUMMOND: Can you carry supplies without them deteriorating in any way?

MR. MacKENZIE: Good quality salt bulk fish kept under refrigeration, if the salt used on it originally is of very low rate bacteria count we have kept them in our own plant up to 2-1/2 years without any serious deterioration. That is



in the salt bulk state, once you process them to the dry state the deterioration is much more rapid.

COMMISSIONER DRUMMOND: Well, this permits you to carry on more or less on an orderly marketing operation?

MR. MacKENZIE: Yes, the only thing you can visualize, if you carry fish for 2-1/2 years your storage and operating charges are prohibitive.

COMMISSIONER DRUMMOND: Now, on pages 4 and 5, you refer to these deficiency payments, how is the size of these deficiency payments determined, who actually does the determining?

MR. MacKENZIE: The Federal Government.

MR. JOHNSON: The Fisheries Prices Support Board.

MR. MacKENZIE: In co-operation with the industry. You will note in regard to those deficiency payments that the only one that in any way was applicable to Nova Scotia was the Government purchase of 1952 salt cod fish amounted to \$952,000. Every other subvention that was paid was either to Newfoundland, Quebec or New Brunswick.

COMMISSIONER DRUMMOND: Just one other thing: I notice in your final page including your profit figures, these percentage profit figures that is percentage of sales, is it not?



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MR. MacKENZIE: Percentage of gross sales.

COMMISSIONER DRUMMOND: I was wondering if it would be possible for you to supply the Commission with corresponding figures showing the rate of profit on your investment?

MR. JOHNSON: I shall make a note of that and contact the three firms that provided these figures and ask the rate of profit on capital investment.

COMMISSIONER DRUMMOND: Thank you, that is all.

THE CHAIRMAN: Mr. MacKenzie, you have been extremely generous to us, and given us a great deal of very helpful information, and we appreciate it very much. We are also very grateful to you, Mr. Connor, for saying that you will be willing to see us tomorrow morning, because we have now reached the normal time for closing our hearings, and we would like to take some time with your brief which we feel is quite important to us. We will discuss with Mr. Connor and Mr. Johnson the brief of the Canadian Atlantic Salt Fish Exporters Association, starting at 10 o'clock in the morning, and perhaps about 11 o'clock we will receive the brief on the Nova Scotia Federation of Labour.



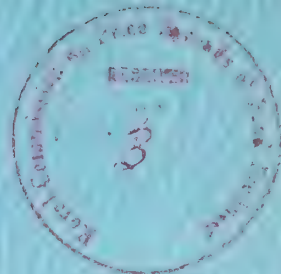
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Mr. Johnson

We will now adjourn to resume tomorrow
at 10 a.m., May 2nd, 1958.

The Commission adjourned at 4.40 p.m.

Laurel Walton



ROYAL COMMISSION

ON

PRICE SPREADS OF FOOD PRODUCTS

HEARINGS

HELD AT

HALIFAX

N. S.

VOLUME No.: 13 DATE: MAY 2 1958

13

MAY 2 1958

OFFICIAL REPORTERS

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ERRATUM

VOLUME NO. 10, PAGE 1687: After ".....
establishes himself in price leadership".
insert "Others follow".



ROYAL COMMISSION ON PRICE SPREADS
OF FOOD PRODUCTS

Proceedings before the Royal Com-
mission on Price Spreads of Food
Products commencing at 10 a.m.
Friday, May 2nd, 1958, at
Halifax, N.S.

CHAIRMAN:

Dr. Andrew Stewart

COMMISSIONERS:

Mrs. Dorothy Walton
Mr. J. Howard MacKichan
Mr. Romeo Martin
Mr. W. Malcolm Drummond
Mr. Cleve Kidd
Mr. Bernard Couvrette

Secretary

John A. Dawson

Assistant Secretary

A. A. Caron



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Mr. J. P. Connor	
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Mr. J. J. MacLeod	
Mr. J. F. MacMillan	
Mr. J. K. Bell	
 The Nova Scotia Federation of Agriculture	 2106
Mr. Ross Hill	
Mr. Douglas Curtis	
Mr. Jim McNeill	
 Canadian Association of Consumers.	 2153
(Nova Scotia Branch)	
Mrs. C. Gus. Manolopoulos	
Mrs. Bowie	
Mrs. Collins	
Mrs. Hunter	
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NOVA SCOTIA FISH PACKERS ASSOCIATION

Appearances:

Mr. R.F. Johnson
Mr. H.P. Connor

Secretary
Executive Member

THE CHAIRMAN: We will come to order and start proceedings this morning. Yesterday we read into the record the brief on behalf of the Canadian Atlantic Salt Fish Exports Association and also the Nova Scotia Fish Packers Association, and we had an opportunity yesterday afternoon to ask some questions of Mr. MacKenzie, representing the Salt Fish Exporters. Mr. Connor was good enough to say he would come back this morning, so we might deal with the Packers brief. Shall I direct my questions at Mr. Connor directly, Mr. Johnson, is that all right?

MR. JOHNSON: Perfectly all right, yes.

THE CHAIRMAN: Mr. Connor, you I hope got some impression of what we were trying to get from Mr. MacKenzie yesterday by way of the background of his relationship to the fishing industry, and I wonder at the beginning at least, in the light of that, if you would like to make some comments with regard to your side of the industry bringing out some



ways in which it differs, or, on the other hand, if you can for instance, that until the fish is caught the problems are much the same, but it differs after that in certain ways, if you care to deal with it, we would be glad to have you do so, and we will pick up some points.

MR. CONNOR: Very good, sir. Before I start, I would like to explain my position here. As I understand it, I am here supporting the Association brief as a member of the committee that prepared it.

You will note the Association in our case, as opposed to the salt fish group, does not deal in any way with the matters of price or buying or selling fish. It is different in that respect and, therefore, I have not prepared myself particularly in regard to detailed questions on price, costing and so on. If it develops you would like to have more information on that, I understand there is another opportunity later in the year, and I know that our company and other companies would be only too glad to give an industry brief, and possibly fill in that aspect in greater detail.

I will do the best I can with any questions, but I am not too well prepared on that score.

As far as background is concerned, I think I might say that there is a great deal of



difference, there is the difference between black and white between our branch of the industry which consists of the catching and merchandising of fresh, frozen and smoked fish as opposed to the branch you heard yesterday, which deals entirely with salt and pickled fish.

Starting chronologically, from the time we go out to catch the fish, the differences would in a broad way be these: We use the same type of craft that they do to catch the fish, mainly the traditional Bluenose type schooner, 128 feet long, manned by 20 or 30 men. We also use the smaller type of boat that they use in Newfoundland, that operate a few miles from shore with one or two men, and they bring the fish in, land it and salt it. In addition to that, and much the larger proportion of the fishing fleet of this province and of the Atlantic coast, we use the type of craft that they do not use at all, or almost not at all, we use the trawler or dragger and we use more modern -- I should not say more modern, the new type of long liner which is now becoming quite successful and common on the coast. When we go to sea and catch the fish, first of all, we handle everything we catch pretty well, whereas the smoke fish industry is mainly concerned with cod, although we do use a little haddock and I believe



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pollock, whereas we use all the fishes and in addition very large quantities of flounder or plaice, sole, red fish, halibut, perch and deep sea scallops and so on, everything but lobster.

We cover many more different species of fish. When the fish is brought to shore it is handled in a very different way, there is no need for seed in their branch of the industry, because once the fish is split and laid down in the hole of the vessel and salted, it is going to keep for an indefinite period.

In our case we must catch it as quickly as we can, rush it to port as quickly as we can, because it is very highly perishable and we only have so many days to make up a trip. If a trip is not made up

in the proper period of time we have to go to port anyway with a small ship and of course not too

good in paying. There is that difference. When

the ship is landed, it is landed at a plant where speed is vitally important again so within 24 hours the fish is put into its final form either as a

fresh product for the North American market or the north United States market, or it is smoked and frozen, or it is filleted and frozen, all within 24 hours.

Then, it is either immediately shipped out if it is fresh, or it is held in storage and later shipped out if it is frozen. In the case of salt fish, the fish is brought in, dried and stored in



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the warehouses and usually sold at a much later date. I am trying to get over the idea of speed. It is a much faster moving branch, it has to be because of perishability. Then, of course, the method of shipping is totally different: Salt fish is shipped in, I think in ocean bottoms and to the markets of the Caribbean and North and South America whereas 98 per cent of our fish is sold either in Canada or the United States, and is shipped over by freight or by express or by truck. In each case it must be refrigerated, and refrigerated to quite a high degree of refrigeration. Merchandising, of course, is totally different, our products are sold in stores in Canada and the United States, chain stores and the like, with which you are all familiar whereas their product is sold in different ways in South America and the Caribbean.

That is a fair picture of the phases in the industry briefly.

THE CHAIRMAN: Yes, thank you. With regard to the first point you mentioned, we will be breaking off our public hearings after we complete the hearings in St. John's tomorrow, until the Fall months, and we will be holding public hearings in the Fall in Ontario and Quebec, and winding up with some in Ottawa.

In the meantime, we will be reviewing



the evidence that we have, and having a look at some of these problems and we can concede that it is quite possible that there will be various points on which we feel the evidence is incomplete that we may wish more information on.

MR. CONNOR: Good.

THE CHAIRMAN: In that event, we will either be in touch with those who can provide the information with the suggestion that they may appear and present a brief covering it, or that they would supply the information in some other way to us.

MR. CONNOR: That will be fine, sir.
We will be only too happy to comply.

THE CHAIRMAN: We will therefore leave some matters on which you have indicated you have not got the information until we can handle it that way.

We have, of course, prices from the official sources, but one of the assignments of this Commission is to see whether these are adequate or can be improved upon, and while we will use the official data as fully as we may, again we may want to check on these, and have sort of the actual experiences of people, and the adequacy of the information. I think we would be interested in the costs of processing, but here again perhaps it will be more fruitful to us to pursue it in



this other way.

MR. CONNOR: We will do our best to answer any question you have in that regard, sir.

THE CHAIRMAN: May I just ask one or two questions. The companies which you have indicated are members of the Association, would they in general be integrated operations right from the catching of the fish to the processing and the equipment all the way up to the retail level?

MR. CONNOR: No sir. They tend to be integrated from the catching point of view, through the processing point of view in the plants and they stop there. Some of the companies go on to the next step of having some wholesale houses, but there is no one in Canada of which I know that has a retail outlet.

THE CHAIRMAN: At the catching end --

MR. CONNOR: On the East coast. I do not know about the West coast.

THE CHAIRMAN: At the catching end the vessels engaged in this business are the property of these companies.

MR. CONNOR: They tend to be both, sir.

In the case of larger companies, such as ours, -- a large catch comes from our own vessels -- a large percentage comes from independent sources.

Some of the smaller companies have no



owned catching equipment. It varies between having none and having a majority of the catching equipment. We tend not to prefer that method of procuring our fish. We find if a captain and a group of men, independent of the company, owning their own vessels tend to work on it, that it tends to be a more efficiently operated vessel, and better results are obtained; so wherever possible we like to see that, and we encourage it by methods of loans and assistance of one kind and another.

That has never been possible since the depression to procure enough or to get enough independent capital investment in a fleet so we can free ourselves entirely of the responsibility.

One thing that I think many people possibly do not realize about fishing is this: That more so than any other enterprise, I can think of, it depends on the incentive motive anywhere in the world. I say that because I do not think there is a single exception in Japan, Germany, Italy or Portugal -- you never find men working for a wage for the simple reason that the sea is rough and hard at times and one can fish in that weather or one can decide that maybe this is just not the right day to fish. If they are on a share basis, if they are sharing what they get, the incentive has full play. It will bring in much larger cargoes, and the whole enterprise will be more successful,



so there is this tendency, even from the point of view of ownership, to see that the captains and as many of the men as possible have an interest in the vessel.

THE CHAIRMAN: In the case of your own vessels, any crew that you would have would be on a participating basis.

MR. CONNOR: In all cases, sir. I don't know of any anywhere that the system is otherwise than that.

THE CHAIRMAN: In the case of your own fishermen whom I presume are operating out of a great many points, I notice your plants are almost entirely in Lunenburg or Halifax.

MR. CONNOR: Oh no.

THE CHAIRMAN: I am referring to the members here.

MR. CONNOR: Well, you see, they have plants, sir, at these points, but they are at Mulgrave, and Canso, and Louisbourg. There are two large plants at Louisbourg, two at North Sydney. No, they are scattered all around the coast, sir, fairly evenly.

THE CHAIRMAN: Would it be generally true that the independent fishermen when he goes out fishing and comes back in again he goes to a point at which there is a plant?

MR. CONNOR: Oh definitely. In our branch of the industry the only way it could be



done, otherwise it would be if he were sorting his fish and drying it himself and then taking it into a plant later, and Mr. MacKenzie spoke about that yesterday. In our case he would always have to operate at a plant.

THE CHAIRMAN: These parts, are there many parts at which there is more than one plant, or a majority of cases is there only one buyer?

MR. CONNOR: The main plants are located, we have come from Digby around, there is only one plant at Digby. It is a very small operation. No, there is another plant there, that is right. At Yarmouth there are several. At Lockport there are at least two or three. At Shelburne there is one there and at Liverpool the big plant there was burned last year. It has not been reconstructed yet. There is an interim operation going on there at Lunenburg. There is only one large plant at Lunenburg in our branch. In Halifax there are two.

MR. JOHNSON: We missed Clark's Harbour in our way around.

MR. CONNOR: Yes, there is one there, and at Halifax there are three. The next point is Louisbourg where there are two, and North Canso there is one. Mulgrave is next with one, and one at Petit de Grat, and two at North Sydney. Generally



speaking there are more than one in the province.

THE CHAIRMAN: If they don't like one plant they can go to another?

MR. CONNOR: Yes, they could do that.

THE CHAIRMAN: Leaving out the co-operative plant, and thinking of the others, they buy these fish outright from the fishermen when he brings his catch in?

MR. CONNOR: That is right.

THE CHAIRMAN: The information we have is that the price, and this is probably true over a period of years, being somewhere around 3 cents.

MR. CONNOR: I suppose it would average that sir, but there is quite a variance. Haddock today is five, but for a long time this winter it was six, and cheaper fish like pollock and kake are a cent and a half. So that would tend to average about 3 cents.

THE CHAIRMAN: We have indicated in press releases that there are certain products which we propose to study. We have made a selection of them. Among the fishery products we have included cod and fillets, and I think perhaps in our thinking today we might keep that particular product in mind. I know there is a great variation.

MR. CONNOR: It is probably the largest



single item, although haddock is very close on its heels.

THE CHAIRMAN: Now what about the volume of output of these plants, does that vary considerably?

MR. CONNOR: Per plant or per province?

THE CHAIRMAN: Per plant, yes.

MR. CONNOR: Well, the largest capacity plant is the one that I am quite closely associated with in Halifax where we put 50 million pounds of fish through in the 12-month period, and they would go all the way down to 5 million pounds. A plant under 5 million pounds would be very hard to make it economical I should think.

THE CHAIRMAN: In technical language, are the economy of scales substantially the small plant in a local area would inevitably be a higher cost operation?

MR. CONNOR: I wouldn't think so.

THE CHAIRMAN: Equal efficiency of management would tend towards equalization of cost?

MR. CONNOR: I believe this is a pretty broad question sir, but I would think when you get under 15 million pounds, you would tend to lose your productivity until you got down to a plant of five, on the diminishing return basis, if you know what I mean, but there would be a slow



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increase of advantage between 15 and 40 or 50 million really.

THE CHAIRMAN: Have you any idea what proportion of overhead and direct costs are involved?

MR. CONNOR: The proportion in relation to --

THE CHAIRMAN: In terms of your total cost in the plant, what proportion of the overhead and what would be direct, have you any idea?

MR. CONNOR: I am not too sure of that one sir right now, especially on an across-the-board basis.

THE CHAIRMAN: Your direct cost I presume include labour costs?

MR. CONNOR: I was looking at something last night that I thought possibly might be helpful in that respect. I was just looking at a company report here on the publication of income. Taking sales dollar at 100 per cent, the purchase of fish took 53.3 per cent. Of the dollar paid for supplies such as packing material, coal, ice, etcetera, services such as insurance, light and power, water, telephone, telegraph, bond interest, and other business operations including depreciation and taxes, 22.4 per cent. Pay in the form of wages and salaries, 22.7 per cent, and paid as dividends, .9 per cent, less than 1 per cent.



Retained in the business .7 per cent. That is one of the big operations in the province. Is that helpful at all?

THE CHAIRMAN: Yes, that gives us some general idea. In the case of your labour costs, would I be right in assuming that the main labour cost, and I think I am thinking here of wages rather than salary employees, is in the filleting activity?

MR. CONNOR: Oh definitely. Filleting and packing.

THE CHAIRMAN: Have you any knowledge of the physical productivity of fillets?

MR. CONNOR: Expressed in what form sir?

THE CHAIRMAN: In the number of pounds of fillets per day, or something like that.

MR. CONNOR: It depends on the size of the fish. For instance, a filleter working on flounder of a certain size would produce 200 pounds an hour. That is, he would take 200 pounds of whole fish, and cut fillets off that. If he were working on a large fish, steak cod fish, 10 pounds and up, and again depending on the size because they go up to 40 pounds, he could produce a thousand to 1,100 pounds an hour. Put it this way, he could cut fillets for that many pounds of fish and his yield would be about $33\frac{1}{3}$ per cent approximately.



Actually, I looked that up and checking all kinds of fish together for the last year, it would appear to me that the yield is 32.8 per cent. Now again sir, certain fish are higher than that. Haddock would go to nearly 40, and the flounder and the red fish would go down to 25 or even less, and again it depends on the condition it comes to you. If it is very fresh it would give a better yield than if it is not so fresh.

THE CHAIRMAN: As a generalization one could think of about one-third?

MR. CONNOR: One-third is very safe, and one-tenth, I think the public does tend to forget that. They think what the fisherman gets for his fish and doesn't think of the fillet they buy, forgetting that it takes three pounds of the fisherman's fish to make one pound of the fish they buy.

THE CHAIRMAN: Has there been much change in the technique in the plants? I presume there has been some change which would effect the physical productivity of the filleting?

MR. CONNOR: Yes there has been sir, since the war particularly, I suppose because things have been rising, costs have been rising so rapidly. The Germans have invented a filleting machine which for 20 years the Americans worked on very hard, but never succeeded in perfecting. They got almost



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there, but never quite achieved satisfaction, but the Germans have produced a filleting machine now that is doing a very good job, and it is a mechanical method of cutting fillets off the fish. It still employs a good deal of labour, but only about half as much, or slightly less than half as much as it would if it were by hand.

Then they also have that tied in with that filleting machine, a skinning machine because most of our fillets are skinned. Not all, but most are skinned before they go to market. That used to be done by hand. These skinning machines, generally speaking, do a good job and have eliminated a lot of labour.

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THE CHAIRMAN: Could you give us any information on wages in the processing plants?

MR. CONNOR: I think I could sir. I will have to take Halifax, for instance -- this is a union plant. I just happen to have these figures for another purpose. In 1939 labour in our plants were paid 33 cents an hour, and cutters 44 cents an hour. There came the war freeze, but immediately after the war the 33 cents for labour rose to 54-1/2, and the cutters to 66-1/2. 1947 the raise was to 65 cents for labour and 74 cents for cutters. Then I have for this purpose jumped to 1957 when the rate for labour was \$1.05, and the rate for cutters \$1.15.

THE CHAIRMAN: We have heard a good deal about packaging, and packaging costs as we move around, and this is obviously the one product that has to be packaged. Have you any information on packaging costs or could you describe the process to us so that we could visualize it anyway in this case?

MR. CONNOR: I think I could sir. Basically our product is packed in two ways. There is what we call a bulk plant which is normally a five-pound package of frozen fillets. I am speaking frozen now. These bulk fillets are wrapped in cellophane wrappers, attractively printed and **there are usually**



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six wrappers in a five-pound carton. They are not weighed individually, but merely the bulk. That is why we call them bulk pack, and they are frozen in Bird's Eye type of freezer which is the most modern known, and they go to market in that form.

Those fillets are usually used in restaurants, hotels and in the more bulky stores, but the consumer pack retailers now tending to buy almost exclusively the-pound or 12-ounce package where the fillets are put in cartons and weighed individually to an exact amount, 12 or 16 ounces, and then they are wrapped up by machine either in cellophane or in a bleached white sulphite paper with attractive markings on them and all the necessary information as to weight, price and then frozen in a similar way. They then go to market and are picked up in the self-serve counters in the chain stores. There are other products, but those are the basic ones. We are still selling a large number of finnan haddy fillets and kippers and so on, but it is not possible to wrap them quite as attractively in quite small parcels as it is the fillet. Does that answer the question?

THE CHAIRMAN: Yes. You have no figures on the costs of packing?

MR. CONNOR: On the cost of packing the fillet?



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THE CHAIRMAN: Yes.

MR. CONNOR: Well now, just giving the materials, yes.

THE CHAIRMAN: Yes, just materials.

MR. CONNOR: Not the labour?

THE CHAIRMAN: As long as we know whether it is materials alone or materials and labour.

MR. CONNOR: Well, let me see if I can help you there. The package cartons themselves in 1's would be 2.35 cents a pound.

THE CHAIRMAN: For the 1's?

MR. CONNOR: Yes, for the 5's it would be 1.85 cents a pound. Now, these figures are a year or so old, and I have not adjusted them, but they are roughly right, roughly 1-1/2 and roughly 1-2/3rds cents a pound for just material.

THE CHAIRMAN: Material cost only?

MR. CONNOR: That was true for all the packaged costs, but I see the cellophane is shown separately in the case of the bulk pack, so it would be 1.85 plus .54 which would be 2.39 I think. Then, there are other costs, there is the cost of the freezing, the cost of the truckage and the cost of in this case what we call a factory burden and then there is the labour cost.

COMMISSIONER MacKICHAN: There is the additional cost there for the master cartons.



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MR. CONNOR: That is all included.

Roughly the labour of cutting the fillet today and handling fish and packing it is somewhere between 4 and 7 cents a pound, depending on the kind of fish and the type of package used because obviously it takes more labour for a one-pound package than it does for a bulky package.

THE CHAIRMAN: You mentioned trucking costs, and this raises the question at the point where the fish leaves the hands of the processors, that would be an f.o.b. price?

MR. CONNOR: The tradition of the business has been to ship on an f.o.b. point of shipping. There is a tendency away from that in the United States today which we rather regret because we have to finance it when we sell C.I.F., but it is basically f.o.b. shipping point, there is substantially still that.

THE CHAIRMAN: The firms in this industry have really the two markets in the United States?

MR. CONNOR: They would have only the two, there is a little trade in the British West Indies, but it would not come -- Mexico, of course occasionally, but it would not come to 2 per cent. It is substantially the United States and Canada.

THE CHAIRMAN: We know there are certain duties imposed on Canadian fish to the United States, and we can get that information, so I do not need



to ask you about that.

MR. CONNOR: It is very simple, I can give it to you.

THE CHAIRMAN: Well, if you have something.

MR. CONNOR: Well, all ground fish varieties up to 15 per cent of the average of the last five years --

MR. JOHNSON: We have the actual figure quoted for this year.

MR. CONNOR: The American tariff works on the basis of a quota at 1-3/8 cents a pound, and all above that is admitted at 2-1/2 cents a pound. Now, this quota as I recall from memory is 15 per cent of the average of the last five years consumption of these products in the United States, and this particular quota reads as follows, starting in 1951 and coming down to 1958 -- I will just give you the round figures: \$29 million; \$31 million; \$33 million; \$33 million; \$35 million; \$35 million; \$37 million and this year it is \$38,800,000. Now, all quantities admitted in excess of that go in at 2-1/2 cents a pound duty. And now, there is an interesting thing about that, most of the Atlantic coast -- I should not say that -- most of the Nova Scotia and New Brunswick and Prince Edward Island trade tends to come in at the higher rate of duty, whereas a much larger proportion of the quota is absorbed



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by Newfoundland, and that is due to the better communications that we have here. What they do is, I am speaking of Newfoundland, they tend to send boat loads of fillet up in a little better -- I should explain the quota is made available by the quarter, a quarter of these figures given is available, you trade for that quarter and it is all absorbed in the first two days of that quarter, two or three days of the quarter. The Newfoundland people who have not as good a method of transportation as we have tend to send large boat loads in just before the quarter, hold them in bond and as soon as the quarter is struck they flow in at the lower rate of duty whereas we of us on balance, it is better for us to ship our fish as soon as we possibly can, it is fresher and there are less marketing charges and we do better so we seldom get advantage from the 1-3/8ths as opposed to the 2-1/2-cent differential.

THE CHAIRMAN: As I pointed out to Mr. MacKenzie yesterday, our problem is the domestic spread, and while we appreciate a proportion of your product goes to the United States, we are interested in that market only in so far as it relates back to our own.

MR. CONNOR: Quite.

THE CHAIRMAN: I presume, having in mind



the specific costs of entering the United States market and any differential in transportation and things of that kind, that the domestic price and the United States price do not get very far out of line at any time?

MR. CONNOR: The Canadian price and the United States price?

THE CHAIRMAN: Yes.

MR. CONNOR: They tend to stay fairly close together. The American market has to some extent been used as a surplus proposition over the years, and we tend naturally to look on our Canadian market as a far more desirable market because we do not ever know what they are going to do about tariffs, and they do the most unpredictable things at times, and it is a much shorter market, one with a more secure and safer future, so we all do everything we can to develop it and look on the American market as a secondary proposition.

In order to handle the volume we must have that to have any kind of economic operation. We must sell down there because I don't know what the export figures are, but I don't think you will be far wrong to say half of our fish goes to the United States.

Some companies in the business longer would have a smaller percentage, but some of the



newer companies, in Newfoundland particularly, would have a very high percentage, possibly 90 per cent and could be 100 per cent of their product would go to the United States' market.

THE CHAIRMAN: We can get information on transportation costs as well as the costs of shipping to the United States. Just one last question. Do the companies sell to wholesalers or jobbers in Montreal and Toronto, or do they have their own agents?

MR. CONNOR: Well, the normal trade from the processor -- the sales from the processor are made to wholesale houses in Montreal and Toronto and other points, but to service that business they usually have their own employee-representative in the area or possibly if their volume was not great enough they might have a commissioner to do it for them. In all cases you would have someone acting for you on the spot.

THE CHAIRMAN: Would this be true in the United States as well?

MR. CONNOR: It would be true in the United States as well.

THE CHAIRMAN: Well, the retail side is another side of this, and we shall be taking that up with the people engaged in the retail trade. Those are all the questions I have to ask, but I



am sure my colleagues would want to ask one or two.

COMMISSIONER WALTON: I was just interested on page 6 of your brief yesterday, you indicated that you instituted a public relations program -- at the top of page 6 there, and I was wondering if you could tell me just what type it was and has it had any visible effect or has it not been in effect long enough to know?

MR. CONNOR: Mrs. Walton, we really have two -- have we not -- one in the United States and one in Canada? We have done a fair amount of work on this for a year. I think I will let Mr. Johnson state the actual cost, but we felt that an outright advertising program was far beyond our means, and we felt alternatively that a public relations program, recipes in the newspaper, leading articles and so on and that sort of thing, would not be so costly and might possibly be just as helpful.

We have been doing that now in both countries for quite some time. Mr. Johnson can give you the time, and we have been encouraged. We feel it is early -- it is awfully difficult to judge the effect of advertising these things.

COMMISSIONER WALTON: With the improved attractive packaging and probably this sort of thing, you feel it has perhaps increased the consumption of fish?



MR. CONNOR: We know, of course, the consumption of fish is sad enough, and hasn't risen very much. If my memory serves me right, it has varied between 12 pounds and 14 pounds a year since the war, whereas Canadians and Americans eat approximately 150 pounds of meat products, beef, veal and pork products and so on. The trend does seem to be up but we would like to see it much sharper than it is.

COMMISSIONER WALTON: Perhaps some good recipes would help.

MR. CONNOR: Can you help with the amounts?

MR. JOHNSON: The costs of this program are somewhat modest, Mrs. Walton. In both cases the American and Canadian are handled or co-ordinated through the Fisheries Council office in Ottawa. The cost is pro rated among the member associations concerned according to a formula. We have the figures of the overall cost for the American program. The total Canadian industry subscribes to that, and it was about \$23,000 a year.

Our program in Canada, which is handled through the Fisheries Council, and in turn J. Walt Thompson Company in Montreal has been in the order of about \$22,000 or \$23,000 a year.

At the recent annual meeting of the



Fisheries Council of Canada when that was discussed the meeting approved raising that amount for the next year to \$42,000 for the Canadian program, and in addition to that, of course, each local association does some financing of a national fish week effort within its own area, spends \$1,000 or \$2,000 a year on that.

I have the figures here which our association contributed towards these programs for the various years.

Our own association, for example, ranged from \$7,500 to \$8,200 a year, which we contribute towards the American program. That is the Nova Scotia Fish Packers Association. The Nova Scotia Fish Packers Association contributes towards this domestic program to which I have referred. It fluctuates from year to year. It is based on the poundage of our member sales in the domestic market. It fluctuated from \$3,500 in 1951 up to \$6,100 in 1956 and it was \$4,078 last year. That was dropped by the way by virtue of our kind salmon friends on the West coast having a larger share of it.

COMMISSIONER MacKICHAN: Mr. Chairman, forgive me for interrupting. The first effort of the Fisheries Council in public relations was having the president of the Canadian Association of Consumers address the Fisheries Council. You can



imagine we received some very good advice and a bit of criticism from which I think we all benefitted. Mrs. Walton gave a very very fine review of the situation as it existed in Toronto, and in some other Canadian cities. I believe that was one of our first efforts of the Fishery Council in public relations.

COMMISSIONER COUVRETTE: Just one minor question for clarification purposes. On page 4 of the Fish Packers Association brief you referred to -- in the third line last paragraph --

"Since well over two-thirds of Canada's Atlantic coast production of all fresh and frozen fillets and blocks are sold in the United States --"

Did I hear Mr. Connor mention about half of it?

MR. CONNOR: Yes. You see, Mr. Couvrette, I think that I referred to this because I took that out of my memory. You see it varies with companies very much. I am tending to think of our own company where it is 50-50. This is industry-wise.

MR. JOHNSON: That includes Newfoundland, if I may interject here. You may recall Mr. Connor mentioned some Newfoundland companies sell as high as 90 or 100 per cent of their production



to the American market.

COMMISSIONER COUVRETTE: It said well over two-thirds. It may be somewhat over 20 per cent stays in Canada.

MR. CONNOR: I wouldn't think -- no, it is not well over two-thirds. We were perhaps ill advised in using "well over". Slightly over, possibly.

MR. JOHNSON: It is possible "slightly over" may have been a more accurate statement. The figure that comes to my mind -- I don't know how accurate it is -- it is about 70 per cent goes to the United States.

COMMISSIONER KIDD: Mr. Connor, in answer to a question regarding labour costs, I assume the labour rate that you gave us were for males only?

MR. CONNOR: Yes, they are. I have them for females too.

COMMISSIONER KIDD: What percentage of your labour force in this representative factor would be female?

MR. CONNOR: I will have to guess at that Mr. Kidd, but it wouldn't be too far out. About one-quarter to one-third would be female.

COMMISSIONER KIDD: They perform jobs like candling, packing, inspecting?



MR. CONNOR: Yes, they do mostly that type of work.

COMMISSIONER KIDD: What are female rates in relation to male rates? What percentage of male rate would a female rate be?

MR. CONNOR: Well, just looking at that as they are today, the basic female rate at Halifax today which, incidentally, is the highest female rate for any manufacturing industry in the province of Nova Scotia is 76 cents as opposed to basic labour for men \$1.05.

COMMISSIONER KIDD: Would you say generally female rates are about 75 per cent of the male rates?

MR. CONNOR: Yes, I would say that.

COMMISSIONER KIDD: Has there been any change that you could suggest in the patterns of productivity from the time of the start of your wage list that you gave to us? I believe it was 1939, but I don't recall.

MR. CONNOR: That is right. Our productivity I am afraid has not risen I don't think. I don't know whether I could say it has fallen. I think it has just about maintained a level.

COMMISSIONER KIDD: It is still pretty well a hand operation?

MR. CONNOR: It is, although it is tending to become more mechanized.



COMMISSIONER KIDD: It is still mainly a hand operation is it?

MR. CONNOR: That is right.

COMMISSIONER KIDD: On page 1 of your submission you list a number of companies that have about 90 per cent of the business. What proportion of the industry is operated by the main companies on this list? For example, National Sea Products I notice six companies and British Columbia Packers, two companies. What proportion of the total would each one of those companies have?

MR. CONNOR: I haven't worked it out Mr. Kidd.

COMMISSIONER KIDD: Some of these things might come up later in the Fall, but possibly some of the questioning will give you an idea what sort of thing to have ready.

MR. JOHNSON: I am afraid that any figures I get, the only figures that the companies are required to give to me Mr. Kidd, are to enable me to pro rate the assessment for domestic advertising and this American advertising. Then the figures they give me in that connection in confidence, or for the office purpose, are the dollar value of their sales in the domestic market and their dollar value of sales in the Canadian market. It would not necessarily be a yardstick.



COMMISSIONER KIDD: Are there any co-ops in this list?

MR. JOHNSON: Not in this particular list, but the co-ops were in the salt fish.

COMMISSIONER KIDD: What proportion of this market did the co-ops have, if any?

MR. CONNOR: They have some.

COMMISSIONER KIDD: Some of the 10 per cent?

MR. CONNOR: Yes, it is not great. I can only think off hand of two co-ops. One at Lockport and the other at Port Bickerton and Cheticamp. Mr. MacKichan would be able to help us on that.

COMMISSIONER KIDD: I haven't consulted with him this morning. On page 2 Mr. Connor you mention some of the operations of the association, and in the second paragraph you say the association has nothing to do with establishing and so on and so forth. Could you give us for our information an idea of how prices are established by the primary producer, and how the price at the retail level is established? I am not asking for great detail on this at this time, but I just wondered if you could give us a brief outline of those situations?

MR. CONNOR: You want to know I take it how we decide at what price we will buy and what



price we will sell?

COMMISSIONER KIDD: Yes.

MR. CONNOR: Well we know our costs and we have the pattern and the basis to go on, We are very much influenced of course by the American market, and we try also particularly to pay the best prices we can to the fishermen realizing that the whole industry really rests on his efforts, his being satisfied with his lot.

One reason I think possibly that the vessel investment has not tended to be too good a paying proposition over the years -- it is an awfully difficult question for me to answer. Could you help me a bit?

COMMISSIONER KIDD: Take it step by step, possibly at the stage of the primary producer then you did give some information on this this morning, but I am wondering regarding your point that there were various plants in the various groups that the fishermen might pick up a differential in price on, going from one plant to the other. I was wondering how effective that was in so far as the fisherman was concerned?

MR. CONNOR: I don't think really that that would be too effective Mr. Kidd, because traditionally he tends to fish for a season or two at least for one place. Arrangements are made



for a certain production, and there isn't too much of a vessel going from one plant to another, although there is some of it.

COMMISSIONER KIDD: The movement of vessels from one plant to another would have a tendency to level prices?

MR. CONNOR: It would, yes it would.

COMMISSIONER KIDD: And also the fishermen would have to consider the cost of transporting his catch?

MR. CONNOR: That is right.

COMMISSIONER KIDD: From the closer to the more distant plants, so this would have a levelling effect on the price to the fisherman, would it not?

MR. CONNOR: Yes, it would if there was much of that taking place.

COMMISSIONER KIDD: We had some indication of price. What is the price for fresh cod say to the fisherman?

MR. CONNOR: The bulk of the cod is what we call market cod, that is a size of fish between 2-1/2 and 10 pounds, and the present price for that at Halifax is 3-1/4 cents a pound. It is less than that in Cape Breton, and it is more than that down in Lockport. I think it is more than that in Lockport. I am not positive of that.



Generally it is a little higher price paid there than here.

COMMISSIONER KIDD: Thank you. I am not talking about the association you realize.

MR. CONNOR: It is common knowledge that that is the price.

COMMISSIONER KIDD: When we get into the other area, is there much variation say in the price of frozen fillets from region to region in Canada at the various markets?

MR. CONNOR: There is some variation depending of course on the brand, quality and at times there is of course distress selling which happens in any business, but they tend to follow a trend Mr. Kidd. There is always a range of three or four cents a pound in the buying price of fillets in the market place, depending on the reliability of the producer, the brand he has, and his reputation for quality, service and so on.

COMMISSIONER KIDD: Then on the American price again, you have already given us something about the United States market. I gather that is the real bulk market for your products?

MR. CONNOR: That is the bulk market.

COMMISSIONER KIDD: That is the 75 per cent?

MR. CONNOR: Yes.



COMMISSIONER KIDD: Well could you give us anything more definite on the relationship of the price to the product in Canada, as to what it is in the United States than you have already given us?

MR. CONNOR: If you run into a bad marketing situation in the United States, and you can because you see there we compete rigorously with the Islandic people and Norwegians, and we are right into international trade with no holds barred, and at times those people sell very cheaply, for one reason or another.

When they lower their prices, if you want to sell fish, and we have to sell fish to keep in business, we simply have to go along, but that situation where it develops and you see it frequently in business naturally has its overflowing effect into Canada.

COMMISSIONER KIDD: Further on in your submission you make this statement regarding other areas of production of fish in Canada, that sometimes there is production without due regard to marketing. I was wondering what you meant by that phrase.

MR. CONNOR: Well in Newfoundland since the war, there has been a very sharp diversion of the product from the salt fish industry into the newer branch of the industry about



which I am speaking this morning, the so-called fresh frozen smoked fish branch, and there has been a good deal of Government assistance, provincial Government assistance to plants, and as a result a large number of plants have been built, and they of course have been operating in due course, and the products have flowed into the markets without as we said in the brief, as much consideration as should have been given to the problems of marketing.

COMMISSIONER KIDD: Well, would it be fair to ask this, is the Canadian market easily flooded?

MR. CONNOR: Very easily flooded.

COMMISSIONER KIDD: But there is always the refuge of the market in the States?

MR. CONNOR: True.

COMMISSIONER KIDD: But so far as Canada is concerned, it is relatively inelastic?

MR. CONNOR: I would say so, yes, being the smaller market it is.

COMMISSIONER KIDD: Just one final question, do you find any difference in the productivity in the plant workers in Lunenburg and Halifax?

MR. CONNOR: In our branch of the industry I would say no. I would not like to say that the Lunenburger is not a productive worker, because it is known all over the province that the



Lunenburg people are good workers, but in our case our business has been operating here in Halifax since 1917, and we have a good steady staff of workers and they are not as itinerant as the ones Mr. MacKenzie spoke of yesterday, and they all do a good job.

COMMISSIONER KIDD: I just wanted to give you a chance to redeem the good name of Halifax. One final question: On page 6 you mention about profit margins that prevail, we would be right in assuming now that there are different profit margins for the different operations as you go from the top down the scale?

MR. CONNOR: Yes.

COMMISSIONER KIDD: Some of these producers might be marginal?

MR. CONNOR: Yes.

COMMISSIONER KIDD: Perhaps later on you could give us something on returns on investment as well.

MR. CONNOR: I think that had better be done later on.

COMMISSIONER KIDD: All right, thank you.

COMMISSIONER MacKICHAN: One question on prices, would you regard the fish prices that are published in the daily paper from day to day as pretty reliable, pretty accurate?

MR. CONNOR: We certainly have found errors



but generally speaking I think they are quite accurate.

COMMISSIONER MacKICHAN: How are they supplied to the press?

MR. CONNOR: Well, I only know how they are done in our instance, and I presume it is the same with the others, the chap from the press phones up periodically and checks, and we always, if we make a change in price we get in touch with him, and notify him accordingly.

COMMISSIONER MacKICHAN: That is all, thank you.

COMMISSIONER DRUMMOND: Mr. Connor, in your list of objectives on page 2 you include conservation and development of the fishing industry on commercial, scientific and educational lines: Would I be correct in assuming that among other things that aims to maintain a correct conservation program, or does it primarily relate to the scale of operations or the speed of the total production or what?

MR. CONNOR: You are speaking of the word "conservation"?

COMMISSIONER DRUMMOND: Yes.

MR. CONNOR: Very definitely it means we are doing everything we can to preserve and conserve our fishery. For years we felt



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this was a very, very prolific fishery at our coast, probably the most prolific in the world, and for years the scientists held and we believed, because the facts seemed to support them, that one could fish as extensively as one wanted, without hurting basic supply. After the war, the fishing fleets of the world multiplied many fold, the skippers will come in and tell me, "Mr. Connor, there were 56 ships fishing beside me yesterday." They tell me it is like New York at night out there with all the lights on, and that is something that has happened since the war. The Russians are building these gigantic fish factories, floating fish factories which not only process the fish, but catch them as well, and it is all copied from a British invention. They are out there in numbers, and in the last 10 years it became obvious to the scientists and also to us that productivity was falling off. I am glad to be able to say that steps have been taken and very successful steps to preserve the fishery or to help to preserve the fishery. What we have done is, an international organization has been set up, and it is called the International Commission for North Atlantic Fisheries, and the principal fishing nations of the world are all members, they meet and have a permanent secretariat, and they meet periodically, and study these problems. They started with the famous American



bank called George's Bank, and they began on a trial, voluntary basis using larger mesh nets in the belief that it would conserve the fisheries. This worked extremely well, and strangely enough we got 10 per cent more fish, and at the same time increased the body of fish on the banks. Then, after two or three years of success there, they moved to our so-called Nova Scotia banks, and for the last year and a half we have been doing the same thing. About six months ago they moved to the Newfoundland banks, and they are moving right up to the coast of Greenland to do this work, and as long as the proper spirit continues, and it seems to be continuing today, it is a good thing. Our little association here and its bigger one in Canada is solidly behind this, and that is what we mean by conservation.

COMMISSIONER MacKICHAN: I promised myself and also the Chairman that I would not take very much part here, but I would like to take the opportunity of paying a tribute to Mr. Connor's company. In co-operation with the Federal Fisheries Research Board we have a lab in town here and any of the experiments you want to try out such as lining the inside of a boat with aluminum and having refrigeration in behind to find out if that would bring in better fish, his company co-operated with the Board to the extent that if the



operation was a failure, the Department of Fisheries would pay for the cost, but if it were successful, they would pay for the cost.

MR. CONNOR: Thank you, sir.

COMMISSIONER DRUMMOND: In the interests of conserving fish supplies, would you say that there has been any tendency on the part of the association to limit the amount of fish caught, the total supplies?

MR. CONNOR: No sir, I would not say that at all.

COMMISSIONER DRUMMOND: Among your other objectives, of course, is that of promoting increased consumption of the product. That of course was related to what Mrs. Walton was discussing?

MR. CONNOR: Yes.

COMMISSIONER DRUMMOND: I mention this for the simple reason that in the next paragraph you state very definitely that the association is not concerned with the buying or selling, and therefore price determination. What I was wondering was whether or not you did not feel that perhaps very indirectly, to some extent, you were as an association attempting to exercise an influence over demand perhaps in the long run over supplies, and by doing both of those whether you were not indirectly having some influence on the actual prices that were being charged.



MR. CONNOR: I wouldn't say that we feel that way, sir. It is just -- I am not sure I possibly follow you exactly. We are doing everything we can as an association to promote the sale of our goods. Surely it stops there in so far as price is concerned, pricing policies are concerned.

COMMISSIONER DRUMMOND: My point simply was this: That price after all in the last analysis is simply the result of the interactions of supply and demand.

MR. CONNOR: Yes.

COMMISSIONER DRUMMOND: And in so far as you, as an association, you say, attempt to influence the demand --

MR. CONNOR: If we can be successful in that way, it may have an effect on increasing the demand for our goods, and the price in the long run. Yes, I see your point. I do not know whether we have looked at it exactly in that light but that is true.

COMMISSIONER DRUMMOND: One other point. You were speaking earlier about the fact that it takes three pounds normally of fish to produce one pound of fillets. I think we would be interested in knowing what happens to the other two pounds.

MR. CONNOR: A good question, sir. Well, very good use is made of the remaining



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carcass of the fish, the 66-2/3 remaining. The fish is gutted at sea. It comes in with the head on, but the guts removed. We get our 32.8 per cent off that on the average.

Now, the carcass or offal as we call it, is in all cases taken to what we call the fish mill plant, which is simply a rendering plant. We drive off 80 per cent of the moisture remaining, and then we mill it into a fine flour-like substance which has no odour, and which is just a little darker than white flour.

It is sold to the millers, and it is mixed there as a balanced diet for animals, chiefly for chickens and poultry of all kinds. It used to be used for feeding cattle, but there is not much used for that now.

COMMISSIONER DRUMMOND: Is there a fairly ready market for the products?

MR. CONNOR: There is. Again, the rapid growth of the industry in Newfoundland, which has really been an over-expansion of the business in the last seven or eight years, has tended to swamp the market a bit, but it has been sold, and I think we are developing a new demand for it too.

It is also being sold in the export market recently. The surplus has tended to be sold to Britain and Germany.



At one time it was a terrible problem to us to take this 66-2/3rds per cent of our products to sea and dump it at considerable cost. Now everything is used.

COMMISSIONER DRUMMOND: Would that be true of all the companies engaged in the business, or just the large ones?

MR. CONNOR: It would be true really of almost every -- any who did not have a rendering plant would probably be located not far from one, and would sell to them.

COMMISSIONER DRUMMOND: Would you still say that this would be a by-product industry, rather than a main industry?

MR. CONNOR: Oh yes, definitely.

COMMISSIONER DRUMMOND: No possibility of a reversal of that?

MR. CONNOR: No, although they have some fantastic ideas. Possibly I should not get into that here, where that could be so.

THE CHAIRMAN: What is the price of fish meal?

MR. CONNOR: That is not my particular branch of the industry, but I believe today it is selling for \$2.05 a unit. A unit means a unit of protein. It varies between 60 and 70 per cent protein, so that would be 60 per cent meal at \$2.10 -- it would



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be \$2.10 out of 60 -- I don't know, \$120 or \$123 or \$124 a ton.

MR. JOHNSON: If I may just add something here. I notice by reading one of the many publications that comes to the office, a U.K. publication the other day, it referred to the price of fish meal in the U.K. as something like \$102 a ton.

THE CHAIRMAN: Is this the price to the ultimate purchaser?

MR. CONNOR: No, this would be the f.o.b. Halifax price.

COMMISSIONER DRUMMOND: Just one other point. You mentioned before when you were speaking to the Chairman you shipped the largest part of the total to the United States market. I was wondering if you could give us a general indication as to how far west in either country your products tend to go?

MR. CONNOR: In that country?

COMMISSIONER DRUMMOND: In both countries.

MR. CONNOR: Yes sir. There is no reason to believe it would tend to be sold more in the east than in the west. We have large markets in Seattle and I have just come back recently from Oklahoma City, Kansas City, where we sell a great deal of our products. Los Angeles, San Francisco, the whole of the United States, the south included. Galvestone, Texas, right across.



COMMISSIONER DRUMMOND: The reason I asked you that was, since we have large fishery operations of a similar character on the West coast --

MR. CONNOR: They are non-competing, sir. They are non-competing. You see, ours are haddock and cod. They have cod on the West coast, but it is a little different. There is laing and a black cod which is not quite the same as ours, and they do not get it in nearly the quantity we do. They have no haddock. They have sole, but it is a slightly different type of sole than ours. Our commands a slightly higher price, and we have larger quantities of it so we are able to sell in those parts.

COMMISSIONER DRUMMOND: Just one other thing. In respect to the matter of plant processing, you have given us considerable detail in your brief indicating the transition that has taken place from the large labour using original method to the more or else mechanistic one at the present time.

MR. CONNOR: It is still largely a labour operation.

COMMISSIONER DRUMMOND: You did indicate a great deal of capital is now required.

MR. CONNOR: That is true.

COMMISSIONER DRUMMOND: As a general result of this change, would you say that the per



unit cost of doing the processing has definitely gone down or is there a trend in that direction?

MR. CONNOR: If we could state in terms of constant dollars I would say yes, but this inflation we have had since the war has tortured it about. In constant dollars it has had a reducing cost effect.

COMMISSIONER DRUMMOND: Is there very much variation --

MR. CONNOR: Otherwise we would not do it.

COMMISSIONER DRUMMOND: Is there very much variation from company to company or from one city to another?

MR. CONNOR: In the amount of mechanization?

COMMISSIONER DRUMMOND: In the actual degree of efficiency and actual cost.

MR. CONNOR: Not so much in this province. I hope we are not mistaken. We believe that we have an advantage in fishing over Newfoundland because I think their industry is much newer over there, and we have been at it much longer, and one learns tricks of the trade in time.

COMMISSIONER DRUMMOND: My point simply was this: I think you mentioned to the Chairman earlier there was quite a variation in the size or sections of operations from company to company or plant



to plant. I was wondering if there was any corresponding variation in the actual processing costs depending on steel.

MR. CONNOR: Yes, I think we dealt with that earlier where I was asked if a larger plant would have much larger production than a smaller one would have. I wouldn't think so. We built a plant at Louisbourg handling 15 million tons of fish, and they have handled this as efficiently and as cheaply as our bigger plants do. There seems to be a point below 15 million where the law of diminishing returns starts to work. I don't know where it is on the upper end because none of us have that large plants yet, but it could come. You know what I mean.

COMMISSIONER DRUMMOND: Yes, it simply means as far as processing costs are concerned, what you may call the optimum scale would be from anywhere from 15 million to 14 million or something like that.

MR. CONNOR: That would be my personal opinion.

COMMISSIONER DRUMMOND: I think that is all.

THE CHAIRMAN: We have worked you quite hard, and appreciate your help. I would like to thank Mr. Johnson for his dual function here. We are very



grateful to both of you. We will take a recess of 5 or 10 minutes.

MR. JOHNSON: Mr. Chairman, before you recess, I should like to say that there were two or three questions asked yesterday, for which we did not have the answers. In the meantime, I have obtained answers for those. Would you like me to give you those when you re-convene after recess?

THE CHAIRMAN: We will take them now.

MR. JOHNSON: First the wage scale, we were asked I believe by Mr. Martin, or I have forgotten who it was asked the question for the wage scale for 1953 in the salt fish plants in Halifax.

THE CHAIRMAN: We will not ask any questions.

MR. JOHNSON: I have obtained them in the meantime. 1953 labour rate for salt fish plants for Halifax ranged from 70 to 85 cents an hour, and Lunenburg for 1953, 90 to 95 cents an hour.

The other question asked was with regard to world production of salt fish, and I looked up this F.A.O., United Nations publication to see how close we were to our estimate yesterday. In these world figures in thousands of metric tons per world production on dry salt fish, they have 1938, 271; 1948, 237; 1953, 284; 1954, 288; 1955, 303; 1956, 317, so there has been actually a trend upwards.

THE CHAIRMAN: Thank you very much.

We will now recess.



SUBMISSION OF
NOVA SCOTIA FEDERATION OF LABOUR

Appearances:

Mr. H.J. MacLeod
Mr. J. F. MacMillan
Mr. J. K. Bell

THE CHAIRMAN: The brief of the Nova
Scotia Federation of Labour will be filed and marked
as Exhibit No. 43.

EXHIBIT NO. 43: Brief of the Nova
Scotia Federation of
Labour.

THE CHAIRMAN: We will come to order. We
will now hear the brief of the Nova Scotia Federation
of Labour to be presented I understand by Mr. MacLeod,
and you have with you Mr. MacMillan and Mr. Bell.
Would you introduce them to us, and tell us their
relationship to the Federation.

MR. MacLEOD: Mr. MacMillan, he will
introduce himself. He is an organization man.

MR. MacMILLAN: Atlantic Provinces
Representative in the National Union of Public
Employees which embraces all civic and municipal
employees in the province.

THE CHAIRMAN: This organization is a
member of the group?



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MR. MacMILLAN: Yes it is.

MR. BELL: An executive member of the
Halifax and District Labour Council.

MR. MacLEOD: And that is affiliated with
C.L.C. I would like to point out the Federation is
made up of local unions throughout Nova Scotia,
affiliated. We have approximately 50,000 members,
and I would like to point out that we are appearing
here today as both producers and consumers, the
largest body I think of producers and consumers
in the province.

THE CHAIRMAN: Thank you, would you
read your brief.

MR. MacLEOD: On behalf of the Nova Scotia
Federation of Labour I wish to express our appreciation
for the opportunity of appearing before your Commission
and outlining the views of organized labour in this
province on one of the most vexing problems con-
fronting wage earners and those citizens having
fixed incomes; that is, their inability to maintain
a fair standard of living in the light of continuous
upward price adjustments.

First of all, we would like to take this
opportunity of dispelling the mistaken view, which
is widely publicized, that higher prices are a
direct result of wage increases obtained by the
trade union movement from the employers of labour.



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An objective study of price-wage relationship since the end of the last war shows that in a basic industry such as steel, prices have increased \$3 for every \$1 granted workers in wage adjustments.

Taking for example three of the largest industrial enterprises on this continent, - U.S. Steel Corporation, General Motors and Ford Motors, the experience has been as follows:

Since 1945 there have been 21 increases in the price of steel and only nine wage increases. During that period the company has made over \$3 for every dollar given in wage increases. This year the Corporation's net profits after taxes are running at a rate of \$461.9 million. You can give a lot of wage increases out of that amount without passing a nickel to the consumer. That is, if you want to.

Take two more examples of how the big firms sock the public to increase their profits when they give a wage increase. General Motors was making \$3.20 for every hour worked by every one of its more than 100,000 production workers. They gave their workers a wage increase of 21 cents an hour. Instead of taking this out of profit -- which would still leave them \$2.99 an hour -- they raised prices to a point where they were making the highest profit



in their history. The Ford Company was making \$3.06 per hour for each worker. Instead of the 21-cent wage increase out of this \$3.06, it raised prices by more than 4-11/2 times the wage increase. General Motors' profits (after taxes) have gone up 234 per cent between 1947 and 1957, and Ford profits have gone up 256.2 per cent between 1948 and 1957.

While the above experience is an American experience, the Canadian experience is quite similar with only this glaring difference that while wages paid in the United States are substantially higher than those paid in Canada, the prices of steel and automobiles are much lower in the United States than in Canada, excluding tariff differentials.

The trade union movement must be credited with at least that amount of intelligence to understand basic economics and to recognize the inflationary effects of wage increases, profits and price increases. Price increases are borne by consumers, of which organized labour is the largest single group, and it would not make sense for organized labour to add to the price factor through wage increases which, in the final analysis, must be met by themselves.

It can be shown that inflation has presented itself in those countries where the trade union movement is undeveloped and where wage earners receive a small pittance for their labour and live



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in constant want, unable to purchase many of the products which they produce.

We would refer your Commission to the report of a previous Royal Commission on Price Spreads under the Chairmanship of the Honourable H.H. Stevens, which was undertaken during a period of low wage rates and substandard working conditions. These factors did not prevent prices from rising to record heights and producing fantastic profit returns on capital investment within industry which combined to fix prices to the "extent the traffic would bear."

To disprove the unfair claim that prices are directly influenced by wages, it can be shown from the recent report of the Royal Commission on Canada's Economic Prospects that wage rates in this region are approximately 30 per cent less than the national average; yet a survey of prices, particularly on those items manufactured in this region, does not show a downward price differential but in most cases the price differential is greater than that found in other regions where wages are much higher.

A glaring example of wage-price relationship in this region can be shown in those industries where the customer is charged by the hour for labour as a separate item of cost, such as in the automotive repair industry where the average hourly rate paid auto repair workers in the Halifax area is \$1.25



and where the average labour charge to the customer is \$4.

We do not wish to burden this Commission with reams of statistics taken from official sources on prices and living costs in this area, as we feel that your Commission is aware of the situation from the statistical viewpoint, but we have compiled an outline on retail food price averages in the Halifax area, and these can be compared with the return to the primary producers, which undoubtedly will be supplied your Commission by the Nova Scotia Federation of Agriculture.

However, there is one primary product that we would like to comment upon, in view of the fact that this branch of industry is not organized as it should be, - the fishing industry.

Primary producers in the fish industry are on an average paid 5-1/2 cents a pound for haddock, 3-1/4 a pound for cod, and 1-1/4 cents for scrod. These species of fish are handled in sizeable volume in the domestic market and retail at a price of 55 cents a pound for haddock fillets and a slightly lower price for scrod and cod fillets. We are aware that the prices paid the fishermen are for round fish and that it takes three pounds of round fish to produce one pound of fillet, but the remaining waste is not a loss, as it is reduced



to a by-product of fish meal on the basis of 500 pounds of waste fish producing 100 pounds of fish meal. It is our opinion that the total cost of producing one pound of haddock fillet amounts to 22 cents per pound and the final price represents the profit to the fish plants and the dealers mark-up, which is more than double the actual cost of production, including payment to the primary producer.

It is our contention that whereas this province does not produce sufficient meat for local consumption, that a more realistic spread on fish prices would help to lower living costs and add to the stability of one of our few natural industries. We should not be penalized with high fish prices because the industry is fortunate in obtaining more favourable prices in the American market, where the bulk of our fresh fish is exported.

In the case of the fishing industry, it can be conclusively proven that high wages are not the factor responsible for high prices, as wages paid in the fish processing plants are below the national average in manufacturing and the primary producers receive an annual wage return substantially less than the national average for industrial workers.

Our province with its limited known natural resources and lack of industrial activity in comparison with the central region is handicapped



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by the absence of finished processing plants for the development of natural resources. In the case of gypsum where some four million tons are taken out of the province in the raw state, our province merely derives a 6-cent a ton return from this exploitation, and we are further handicapped by being obliged to pay \$54.50 a thousand for gyproc board. It is estimated that gypsum costs in the vicinity of \$1.06 a ton to mine and transport to the finishing plant outside of Canada, and when returned to Canada costs over \$100 a ton in finished form, notwithstanding the fact that the finishing process of kilning the material and placing it between two sheets of building paper is not an expensive or complicated operation. The item of \$100 mentioned above is derived from a calculation that one ton of gypsum is used in the manufacturing of 2,000 board feet of gyproc board.

One of the two companies exploiting our natural gypsum refuses to provide Nova Scotia labour with a wage rate comparable to the level of wage rates paid in industry in this province. Yet it is noticeable that the cost of finished gyproc board in this province supplied by the same company is higher in price in this region than the retail price in those regions where wage rates are higher.

We feel that these two examples show



that wages are not the prime factor in price setting, as is generally claimed, but that in this region, wages are insufficient to provide workers with a decent standard of living and that prices are not being set in consideration of the earning power of the consumers, but on the inhuman and unreasonable basis of what the traffic will bear.

In conclusion, Mr. Chairman, we would express the hope that your Commission will be more successful than most in having your suggestions and recommendations implemented. It has been our feeling in the past that the recommendations of Commissions such as yours tend to be minimized or ignored, and it is our earnest wish that this will not apply in the case of your recommendations.

THE CHAIRMAN: Thank you Mr. MacLeod. We appreciate your good wishes at the conclusion of this brief. We received your brief yesterday, and the Members of the Commission have had an opportunity to read it. Our feeling is that there are parts of it which fall outside our Terms of Reference. As you know, we are concerned with food products of agriculture and fishery origin and not with gypsum and steel and automobiles, so any questions that we will ask you will be confined to those paragraphs which deal with the prices in the fishing industry.

On page 4 you state that you have compiled



a variation of retail food price averages in Halifax area. Do you wish to present those as a contribution?

MR. MacLEOD: I will leave them with the Secretary. I intended to have photostatic copies made of them yesterday, but I just didn't have time.

EXHIBIT NO. 43-A: Retail Food Price
Averages for Halifax,
by months, 1957.
(Obtained from Prices
Section, Dominion
Bureau of Statistics)

THE CHAIRMAN: We will not be able to deal with this at the moment as evidence, but we would like to have it.

MR. MacLEOD: I will stand corrected in compilation of the brief as far as wandering a little afield, Mr. Chairman, but we thought that there was a tie-in between prices of food and prices of such things as we mentioned. We have tried to put it in there, and if you can be accused of us using your Commission as a sounding board we don't mind too much.

THE CHAIRMAN: Well, I gather your general point that you are trying to make is that rising prices cannot be attributed to labour alone?

MR. MacLEOD: That is our main point.

THE CHAIRMAN: We would find it more



appropriate if you could cover this with the particular commodities with which we are concerned.

MR. MacLEOD: Fine.

COMMISSIONER MacKICHAN: I have one question here which is on the first page in the second paragraph, the mistaken view that higher prices are a direct result of wage increases, what do you mean by direct result or what is the difference between a direct and indirect result?

MR. MacLEOD: Well, I am not quite clear on the question.

COMMISSIONER MacKICHAN: You state here there is a mistaken idea widely publicized that higher prices are a direct result of wage increases obtained by the trade union movement from the employers of labour. Down at the next paragraph you mention there was only \$1 of every \$3, well, can I say that in every case that one-third could be credited to wages, resulting from that?

MR. MacLEOD: No, I would not say that. You see, it is not related to costs, I mean, this one-third we are speaking of, that is the overall increase. What we contend is that the increase should only be one-third or a little better than it actually is. You see, the increase is granted -- well, we will have to go back to steel for the moment because steel is a basic industry.



The employees get a raise of 5 cents per ton, so the steel company raises the price by 15 cents per ton and, of course, they always lay the blame on the increased labour costs. That is the point we are trying to get across.

COMMISSIONER MacKICHAN: I gathered that but we cannot dispel completely that the idea is wrong, that increased wages have some effect on it.

MR. MacLEOD: Oh definitely we do not deny that, but I say the proportion is exaggerated.

THE CHAIRMAN: On page 4, Mr. MacLeod, there is one primary product that we would like to comment on in view of the fact that this branch of the industry is not organized as it should be, the fishing industry. Could you tell us about the organization?

MR. MacLEOD: That is the primary producer, the fisherman. You see, in Nova Scotia they do not come under the Trade Union Act, they have a rather weak act of their own. I would say, in my opinion, the biggest stumbling block in the organization there, that any person to represent a fisherman, that is to represent them in any way trade unionwise, he must be working at the trade. That is one of the big stumbling blocks against the organization there. I think brother Bell has a better understanding of that, I know he has



worked at it before, and I will turn it over to him.

THE CHAIRMAN: Would he be able to tell us about the organization of labour in the plants as well?

MR. MacLEOD: Yes.

MR. BELL: Mr. Chairman and Members of the Commission, the point made in the brief with regard to the insufficiency of organization in the fishing industry, as Mr. MacLeod has pointed out, hinges on the fact when the Labour Relations Act came under Federal jurisdiction in wartime, under P.C.1003, the fishermen of the province attempted to organize themselves into a trade union organization. As you know, there is a peculiarity in the relationship between fishermen and their employers in as much as they do not work for a fixed wage, but receive a share of the proceeds, a lay basis of return. When the union is formed, and they apply to the regional board of the Labour Relations Board at the time for certifications and bargaining rights, the regional board ruled that because of the fact they were not receiving a fixed wage, but were co-adventurers or co-partners in an enterprise with an employer and the return was an indefinite one, the men were not employees within the meaning of the particular Trade Union Act. The decision was



appealed to the Labour Relations Board, the Federal Board in Ottawa, and the decision of the Nova Scotia board was reversed. The Federal Board ruled that these employees were employees under the meaning of P.C.1003. Unfortunately, P.C.1003 went out of existence a few months later. That was in 1947, and when the Legislature met early in 1947 in order to get around this problem in so far as employers were concerned, the benefit of the employers, they drafted a Fisherman's Federation Act which was quite restrictive in so far as fishermen forming an effective organization.

The Act stated that fishermen located in various areas, known as a station, would have the right to form a unit of organization. Then they put in a restriction no person could represent that station unless he was a person who was fully employed within the industry. That is a full-time fisherman.

We think that piece of legislation negates the whole principle of British justice in which one individual has the right to be represented by another. Why the legal profession of the province did not on principle object to this, we don't know, but this single illustration, that is confining fishermen to be represented by a person who is full-time, is impossible and a ridiculous situation



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because of the fact if he is a full-time fisherman, surely, he has not the time or means in order to look after his fellow fishermen who have to devote their full time in trying to make a livelihood.

As a result that pretty well effectively killed the fisherman's organization in the province. Now, the remaining organization within the industry is confined pretty well to the fresh fish processing plants and there are some 11 unions, local unions in the province representing a majority of these fishermen employed in the fresh fish industry processing plants, and it is interesting to note that the differential between the wage rates in Lunenburg and Halifax, as mentioned yesterday, in the salt fish industry point out this to be simply because of the fact in Lunenburg in that particular local union there, the members of the union who were employed in the salt fishing processing plant, are also members of the same union in the fresh fishing processing plants. The same wage rate is applicable in both plants and it is only because of that fact that the Lunenburg fishermen enjoy a basic rate of \$1.08 an hour, whereas in Halifax it is substantially less because of the fact although the fresh fish processing plants are organized, the salt fishing plants are unorganized.



That explains the discrepancy between the wage rates in Lunenburg and in Halifax with regard to salt fishing processing plants and fresh.

THE CHAIRMAN: Just stop there to make sure I have got this clear. In Lunenburg all the fishermen working in processing plants whether salt fish or fresh fish are unionized.

MR. BELL: Pretty well with the exception of probably one or two of the smaller plants. Pretty well all fish processing workers are organized. It has one local union. It combines workers from the two sections.

THE CHAIRMAN: What union is that?

MR. BELL: The Canadian Sea Food Workers Union.

THE CHAIRMAN: In Halifax?

MR. BELL: In Halifax they have two locals of that particular union. They are part of the fresh fish processing plants.

THE CHAIRMAN: Are all fresh fish processing plants organized.

MR. BELL: Yes, with these two local unions, the Canadian Sea Food Workers.

THE CHAIRMAN: But none of the salt fish?

MR. BELL: No, none are organized.

THE CHAIRMAN: You made a comparison between the wages in Lunenburg and in Halifax a minute ago. Just to make sure that I have this clearly. I



think you said \$1.08 basic in Lunenburg which then applies to both types of plants.

MR. BELL: That is right.

THE CHAIRMAN: The evidence we have heard this morning was that the current rate in fresh plants is \$1.05 in Halifax.

MR. BELL: True, that is true.

THE CHAIRMAN: But the rate in the salt fish plant in Halifax is lower.

MR. BELL: Yes, substantially lower.

MR. MacLEOD: I think I can clear that up. The Lunenburg workers have just signed a new contract at \$1.08. The contract in the two plants in Halifax is pending -- at the present time -- in fact they are going to conciliation. The Chairman and the Board have been appointed, so that explains the discrepancy between \$1.05 and \$1.08. They have already signed the contract in Lunenburg, and the contract has yet to be signed in Halifax.

THE CHAIRMAN: Mr. Bell, in relation to the fishermen, are you familiar with the Allied Union?

MR. BELL: Yes, in British Columbia.

THE CHAIRMAN: How does it manage to operate? You have no similar organization here.

MR. BELL: I think the Allied Fisherman's Union on the West coast has been successful in maintaining



itself as the voice of the various sections of fishermen in British Columbia because of the fact that first of all, they derive perhaps their greatest support and strength through the men who are working aboard vessels that are owned by fishing companies, which constitutes a fairly large block of membership.

They, along with the membership that is employed in the large shore plants, have been able to do such an effective job in getting a fair wage return that many of the smaller operations, such as fishermen with two or three helpers employed aboard the smaller craft, have seen the good work of that union with the small fishermen which will be comparable here in Nova Scotia to our inshore fishermen who are also members of that particular union.

Here in the province of Nova Scotia there is absolutely no organization of the inshore fishermen. They have no type of organized voice at all.

In so far as the fishermen who fish out of trawlers, there was an attempt made back in 1946-47 and that attempt was successfully defeated by the operators.

THE CHAIRMAN: Is there anything else you wish to say?

MR. BELL: Yes. There is just one other reason, I believe, the fishermen on the West coast, when they are compared to our inshore fishermen,



supply the trade with a greater volume of fish than what is the percentage here in the province of Nova Scotia. As was pointed out by the representative of the industry yesterday and today, the amount of fish that is handled or caught by the in-shore fishermen is only a small percentage of the total volume as against that caught by the trawlers and long liners and schooners in the salt fish industry, so I think that has a direct relationship to the organization, and effectiveness of the union on the West coast as against the practically non-existence of unions here in Nova Scotia.

THE CHAIRMAN: I think that helps us get a view of the organization within the industry.

COMMISSIONER COUVRETTE: Just for clarification, one or two questions. The first one, we were given to understand yesterday I believe, that the Lunenburg fishermen were of a higher calibre or were producing more or were better fishermen than Halifax.

MR. BELL: I think Mr. Connor, -- I think Mr. Connor corrected that situation this morning when he pointed out that just recently their company opened up a branch in Lunenburg and hired new people. The production return from the new plant was in line with the production return of their plant here in Halifax, which has



been established for a great many years, and I think that while it is true that workers in Lunenburg may be slightly more efficient in the salt fish industry, because there was no alternative employment in Lunenburg, whereas here in Halifax just as soon as you are able to get a better job, people who work in this salt fish industry leave. I think that that would be about the sole factor which would probably leave this impression with regard to productivity and efficiency.

The statement made by the representative of the industry, the fact that they admit that they only pay somewhere in the vicinity of 85 cents an hour in a metropolitan area like Halifax where living costs are quite high, in itself would answer the question of efficiency and productivity. The industry is grossly underpaid in the Halifax area, and any problem they have in productivity and inefficiency must be as a result of that very substandard low wage.

COMMISSIONER COUVRETTE: I just wanted to make this clear in my mind. From the answer that we received yesterday, I was under the impression, not knowing anything about fisheries in Nova Scotia as an outsider, except for the Bluenose which I notice was out of Lunenburg, but I had gathered that Lunenburg fishermen seemed to have a



better reputation of craft, which could well be.

You will find some better craftsmen in certain parts of the country for specific reasons. Would that be true?

MR. BELL: I don't think so, because the fact I think, for example, even a fisherman, people who fish out of Lunenburg or out of Halifax or out of some of the other ports, you will find them to be quite cosmopolitan. You will find a fair percentage of Newfoundlanders working on the vessels, the same way as you would find them in Halifax. So it is pretty difficult to take one part of Nova Scotia and say that the native sons of that particular region are better in the fishing industries because now with the mechanization of the industry you find that the working forces are made up of people who come from all over the province and from outside the province.

COMMISSIONER COUVRETTE: Well then before the advent of the organization of the union or unionship in Lunenburg were the wages on par with Halifax wages then?

MR. BELL: They were below before the advent of the union in Lunenburg.

COMMISSIONER COUVRETTE: I know what they are today. Were wages in Lunenburg on the same level as wages then in Halifax?



MR. BELL: I would say the same. In some cases even lower.

COMMISSIONER COUVRETTE: They would be lower?

MR. BELL: Prior to the days the processing plants becoming organized.

COMMISSIONER COUVRETTE: That is all Mr. Chairman.

MR. MacLEOD: I would like to say that the man who made that statement, I believe Mr. MacKenzie, he was a brave man to make such a statement. Possibly he is considering moving to Lunenburg. That is the only thing I can think of.

COMMISSIONER KIDD: Mr. MacLeod, the Chairman is in a particularly advantageous position here. He has the first shot at the questions, and he has asked most of the ones I had thought of. On page 5 you say it is our opinion that the total cost of producing one pound of haddock fillet amounts to 22 cents per pound. Now tell us how you arrived at that figure.

MR. MacLEOD: That figure -- I don't know if you could call it arrived at scientifically. We got that information from the employees of the plant, employees who were working there over the years and taking an interest in such things, and doing research for contract negotiations, and so on. We got that figure from the union people



in the plant.

COMMISSIONER KIDD: Would you say, Mr. MacLeod, that that would include the cost of packaging also?

MR. MacLEOD: Oh definitely, yes.

COMMISSIONER KIDD: You believe that to be the final cost price?

MR. MacLEOD: Yes, I wouldn't say that that figure was exaggerated. I would say it was possible a little high.

COMMISSIONER KIDD: You think that might be a little high?

MR. MacLEOD: A little high.

COMMISSIONER KIDD: And you say it returns 55 cents a pound. Is that here in Halifax?

MR. MacLEOD: Yes, we just checked a store this morning and found that haddock fillets were selling at 55 cents a pound, two pounds for a dollar.

COMMISSIONER KIDD: You believe a spread of 33 cents in there?

MR. MacLEOD: That is right.

MR. BELL: Just on that, Mr. Kidd, we think in view of the information that was supplied the Nova Scotia Federation of Labour on the return with regard to filleting from round fish, that we make the statement here one-third, and it was



brought out by the employer that they had it worked down to 32.8 per cent, that that being the case and also the information the employees were able to ascertain with regard to the reduction of the fish waste, 500 to 1,000 pounds coincides with the operators, and with what their estimates were of the 22 cents a pound taken from a layman's view in outlook, that is of men working right in the plant, and not having the statistical or the financial information at their disposal, would work out fairly accurately.

COMMISSIONER KIDD: Have you any idea as to the price of haddock fillets elsewhere, say in Fredericton or Montreal?

MR. MacLEOD: No, I wouldn't.

COMMISSIONER KIDD: You don't know whether there is a similarity in the price between here and elsewhere. I just wondered because you seem to say, the implication seemed to be in there that the spread, or let us not say spread, but the final price could be reduced here. I was just wondering if you have any information on whether that price was similar elsewhere.

MR. MacLEOD: This morning Mr. Connor admitted I think if I am not mistaken, I could be wrong, but I don't think I am, he admitted that the price in the United States and the price here were



basically the same. I would say they keep them that way. Lower cost of transportation, -- I don't think it is passed on to the consumer here.

COMMISSIONER KIDD: You suggest there might be more consumption if the price were lower?

MR. MacLEOD: That is right.

COMMISSIONER KIDD: I believe it was mentioned to us that the annual average is about 12 to 14 pounds for Canada. Have you got the figures for Nova Scotia?

MR. MacLEOD: No, I haven't.

MR. BELL: We could supply those.

COMMISSIONER KIDD: We can probably get them elsewhere. I just wondered if you had them.

MR. MacLEOD: We did not concentrate too much on statistics and figures, because we thought that you people would have them, and it would be a repetition on our part.

COMMISSIONER KIDD: Sometimes we get a different interpretation on figures from place to place. That is all Mr. Chairman.

COMMISSIONER MacKICHAN: I have one or two questions I would like to return to. Mr. Bell mentioned the shore fisherman had no voice. Are you familiar with the operation at Port Bickerton?

MR. BELL: Yes, we have heard of a group forming in a local area for purposes in which they



tried to bring about a better price from a buyer, where they have had some problems, but generally speaking there has been no organization among the fishermen that has continued and developed and has worked in the interests of the fishermen as an economical organization.

COMMISSIONER MacKICHAN: The situation is a bit different in Bickerton. I thought we should get it on the record. I think they have one of the most modern plants there is along this shore now. The fishermen have probably 14 long liners at an average cost of \$36,000. These fishermen own this plant.

MR. BELL: We are aware of the co-operative there.

COMMISSIONER MacKICHAN: You are aware of the co-operative there?

MR. BELL: Yes, I am talking about fishermen organizing for the purposes of bargaining with buyers, and with the main fish processing plants, with whom most of the fishermen have to deal.

COMMISSIONER MacKICHAN: These people are bargaining in the market place very effectively, and with the result that in the area they have got a cod price that has been about equal to the price for the top grade cod, and that is the fish we are interested in.



MR. MacLEOD: There is a difference.
Those people are owners.

COMMISSIONER MacKICHAN: Owners, absolutely.

MR. MacLEOD: The people we are interested
in are the employees of owners.

COMMISSIONER MacKICHAN: Surely, but I
am very interested in this group and saying there
was another way --

MR. BELL: We are aware of the stride
that the co-operative movement is making, and there
is no conflict between the trade union movement and
the co-operative movement in the province in so far
as basic objectives are concerned.

COMMISSIONER MacKICHAN: But I would like
to hasten to say that we have some co-operatives that
are not in a position to pay that same price that
Bickerton has because they are in the immediate
position of having lost their plant by fire and
re-building it, and as such they have to put part
of their fish money into paying for their plant.

MR. BELL: We are aware of that situation
at Cheticamp.

COMMISSIONER DRUMMOND: Just one or two
short questions to supplement those which Mr. Kidd
has already asked relative to this. The first sentence
or two on page 5, this difference between the 22
cents which you feel is the actual cost of production



and the 55 cents which you mention as the retail selling price, the difference of 33 cents is therefore made up of the dealer's mark-up, plus profit, is that correct?

MR. MacLEOD: That is right.

COMMISSIONER DRUMMOND: Have you any views at all as to how those two things might be divided, how much of the 33 cents would be mark-ups, how much might be --

MR. MacLEOD: Well, there must be quite a high profit figure there, because there **are** some pretty wild fluctuations in the retail prices here in Halifax. Now, the price we quoted here this morning, 55 is naturally the top price, and you will find some lower prices in the general stores, you will find lower prices there, so there must be quite a bit of that made up of profit.

COMMISSIONER DRUMMOND: In any case, your general view is that this difference between 22 and 55 represents a very excessive spread, is that correct?

MR. MacLEOD: Yes. One point I would like to make, I believe from the question asked me by Mr. Kidd if I knew the price of haddock fillets in Moncton, Winnipeg and so on, I do not know, but from the statement made by the representative of the company here this morning I think I would take the view they are pretty well standard throughout



the country. Now, if they sell haddock fillets in Winnipeg for 55 cents a pound surely they can sell them cheaper here in Halifax where they are produced.

MR. BELL: There is just this other observation that I think may be of some interest to your Commission, and that is, we have noticed that some of the chain stores have been handling a fish stick product that is packed in the United States, and we believe that because of the fact that the Americans will not allow the Canadian fishing industry to send in the fish sticks in the individually packaged form for re-sale to the consumer, but insist on the fish coming in in block, frozen block form, and they are made up and re-packaged in the United States, that it seems a shame that fish has to be marketed here in Halifax which probably in the final analysis was sent from Halifax in block form, and taken up there and cut up into slices and re-packaged and brought back here and sold in the local stores. We feel that certainly the Canadian consumer is paying the shot both ways in that particular aspect.

COMMISSIONER KIDD: Mr. MacLeod, I was talking to you about this price, and you say it is your opinion it is probably similar across Canada, what would you say or would you have any comment on the point raised out in British Columbia



by the consumers that the price of B.C. salmon was the same in Eastern Canada and people in British Columbia have to pay for it.

MR. MacLEOD: Well, it seems to be a general practice, in fact, to go from the ridiculous to the sublime or possibly vice versa, but we have a brewery here in Halifax --

THE CHAIRMAN: Is this a food product?

MR. MacLEOD: You can buy the product of that brewery cheaper in Montreal than at Halifax, not the same price, but cheaper, so they ship the stuff to Montreal --

COMMISSIONER KIDD: You have not any comment on the reasons for these things?

MR. MacLEOD: Well, as far as I am concerned, from the layman's point of view, I think it is price fixing.

COMMISSIONER MacKICHAN: To return to Mr. Bell's fish sticks, here there are at least three or four firms right in the Maritimes manufacturing fish sticks. I just cannot understand, -- do you think there was anything manufactured in the United States in a fish stick, in the product, anything but the wrapper?

MR. BELL: I think that is for all that was manufactured.

COMMISSIONER MacKICHAN: The fish sticks,



the product did not go down there to be processed on this market?

MR. BELL: I think some of the fish sticks that go to the States wind up there and the wrapper has been put on, and sent back to Canada, and we think, since the price compares favourably with the local product, that is the price is pretty well the same, we feel that if some of that fish is taken with the added trucking going up to Boston, and has been cut up and re-packaged in similar packages for re-sale, that surely the price here locally of the fish sticks that are wrapped here locally for the consumer should be less than it is on the stuff that is coming back from the United States.

COMMISSIONER MacKICHAN: I find it hard to comprehend how any manufacturer could do it. We heard this morning the block going into the United States, that is the block that can be sawn up bears some duty, it is all on a point basis, 1-7/8ths until you reach the quota and then it is 2-1/2 per cent. Now, you are quite right in that the duty on fish sticks of Canadian manufacture going into the United States while not prohibited by statute of any kind are prohibited by duty as it is 2-1/2 cents per ton, the duty on fish sticks is 30 per cent ad valorem.



MR. BELL: It makes it practically prohibitive.

COMMISSIONER MacKICHAN: Yes, if you take it to the United States and pay 2-1/2 cents duty, it is just beyond me, I am inclined to raise a question mark over it.

MR. MacLEOD: We produce basic steel in Sydney, and if we wish to produce a bridge the stuff has to be sent to Quebec or Ontario to be processed in the "T" shapes and so on that are required, so, therefore, nothing surprises us.

COMMISSIONER MacKICHAN: Well, some things become impossible.

MR. BELL: It is quite possible, because of the fact that these companies across the line have sale contracts for these large merchandising organizations that now have connections in Canada, and they find it to their advantage to work out the transactions in the States, and pick up the entire brand wrapper from a plant in the United States there or its affiliates in Canada, rather than buy a similar product in Canada. We say that in itself the fact that the package of fish sticks coming back from the United States which more than likely was supplied in block form from Canada, in the first instance, if that price is the same as the price of fish sticks supplied here locally,



something is amiss, and the consumer here locally is being forced to pay through the nose.

COMMISSIONER MacKICHAN: I think we had better have our research staff work on that one.

COMMISSIONER DRUMMOND: In respect to Mr. Kidd's last question, we understand that the Maritimes as an area is very much in a deficit position with respect to meat products and apparently as a result of this the retail price charged for meats down here is higher than in some other areas of the country, in fact, most parts.

MR. MacLEOD: That is true.

COMMISSIONER DRUMMOND: I wonder if you thought there was any relationship between this high retail price of meats and the high retail prices that are being charged for fish? You mentioned a while ago in the brief there is a tendency to charge what the traffic will bear, maybe the higher prices charged for meat makes it possible.

MR. MacLEOD: That could be a reason. There are many strange things down here in the Maritimes, and it is too bad you people could not appear in the town of Liverpool, because food prices are much higher in Liverpool than in the surrounding towns, just because the traffic will bear more. There is a paper mill in Liverpool, and pretty



high wages paid to the people. The people of Liverpool drive to another town for the week's groceries, attend a movie, pay for the wear and tear on their car, and their gas and oil and still save money.

MR. BELL: Not only that, but the food is trucked down to the shores, to Liverpool, which is 100 miles from here, and workers working in the paper plant in Liverpool are known to go down the road another 60 miles to Shelburne, and there buy food at less than what they pay in Liverpool, notwithstanding the fact that the food is trucked right through Liverpool and on another 60 miles. They contend prices are geared up to the wage rates in the town of Liverpool, it is higher than that in the town of Shelburne, and therefore the workers are forced to pay the difference. Food that is trucked by wholesalers from Halifax through Liverpool and 60 miles more is cheaper in Shelburne than what it is in the town of Liverpool.

They contend that the prices are just geared to the wage rates in the town of Liverpool, which is higher than in the town of Shelburne and therefore the workers are forced to pay for his food that is trucked by wholesalers into Halifax, through Liverpool and 60 miles beyond, and it is cheaper in Shelburne than what it is



in the town of Liverpool.

Just to go back to the fish situation, I just returned from the National Convention of the C.L.C. in Winnipeg, and we perhaps did not put the time on this submission as we should have because of that interruption, but I did notice while we were out there in Winnipeg, lobster was selling for 71 cents a can in Winnipeg, and yet one of the chaps who came from P.E.I. mentioned the fact that the same can was selling for 79 cents in Charlottetown. So this question of even a fixed price per unit does not just bear out because of the fact --

It would not be too bad if the prices were fixed so that at least we paid the same as the people in far away places paid. It is just the reverse. In a lot of cases that is the story, and in the Maritime provinces -- actually the price a thousand miles away is actually less than what it is here within the Maritime provinces, which is a low wage area compared to the rest of Canada.

THE CHAIRMAN: It is quite obvious we will have to take a good look at price statistics because based upon the particular cases which are cited in evidence, there is a good deal of conflict.

I would just like to mention one point at the bottom of page 3 where you refer to this matter in generalization that wage rates are lower



in this region. It seems to me the implication of the last part of the sentence -- the sentence reads: "A survey of prices, particularly on those items manufactured in this region, does not show a downward price differential, but in most cases the price differential is greater than that found in other regions where wages are much higher."

We have had one of our staff take out for us from the official statistics, the retail food prices in various cities, and compared them with Toronto. Would you think that the food prices would be higher in Halifax, let us say, than in Vancouver?

MR. MacLEOD: Well, I would know, but I know that they are not lower if they are lower then the wages are lower here than Vancouver.

THE CHAIRMAN: That may be so.

MR. MacLEOD: I would say that the food prices would be -- my opinion -- of course --

THE CHAIRMAN: You say in most cases the price differential is higher than in other regions. I am not quite sure what that means, because it shows here that the Halifax food prices are lower than Vancouver, Edmonton, Calgary, Saskatoon, Regina and Winnipeg, which covers quite a lot of territory.

MR. MacLEOD: Yes. Regardless of your statistics there, Mr. Chairman, I just spent a week



in Winnipeg, and if the food service in a restaurant there is any indication of the cost, I would say they were lower, because you can get a good meal in Winnipeg, a better meal cheaper than you can in Halifax. I know that. I think Mr. Bell was there too. I think that he would bear out that statement. There is no comparison. You get a better meal cheaper in Winnipeg than you get in Halifax.

THE CHAIRMAN: This will be part of our job to look at these things very carefully.

MR. MacLEOD: On the same subject, Mr. Chairman, I think it was last year or two years ago, no, I think it was last year, the real estate dealers across Canada had a convention here in Halifax. They were amazed at the price of real estate here in Halifax with regard to the wages people were getting and so on. There is no comparison at all. Rent and real estate here is -- regardless again of statistics, I would say I think statistics will bear this out, it is higher than any other city in Canada.

THE CHAIRMAN: Well, we will have to confine ourselves to food prices, but we will get the statistics and make the best of them that we can.

It is a difficult problem, we realize. The people in Halifax may eat a different basket



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Mr. MacLeod

of food than the people in other places. You have to make these comparisons, and generalizations, but it is dangerous to generalize in particular cases.

We have travelled from Vancouver to Halifax. We are going to St. John's, and I would not like to make a comparison of all the meals that I have eaten across Canada.

MR. MacLEOD: I think if you did that you would have to agree with me.

THE CHAIRMAN: I will leave the last word with you. Thank you very much, gentlemen, we appreciate receiving your brief.

MR. MacLEOD: Thank you very much.

THE CHAIRMAN: We will now adjourn until 2 o'clock.

--- Luncheon adjournment.

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SUBMISSION OF
THE NOVA SCOTIA FEDERATION OF AGRICULTURE

Appearances:

Mr. Ross Hill	President
Mr. Douglas Curtis	Chairman, Policy Committee
Mr. Jim McNeil	Nova Scotia Department of Agriculture

--- Upon resuming at 2 p.m.

THE CHAIRMAN: The brief of the Nova Scotia Federation of Agriculture will be filed as Exhibit No. 44.

EXHIBIT NO. 44: Brief of the Nova Scotia Federation of Agriculture.

THE CHAIRMAN: Come to order, please.

We will now receive the submission from the Nova Scotia Federation of Agriculture presented by Mr. Ross Hill, President. Mr. Hill, you have others with you. Would you like to introduce them to us?

MR. HILL: This is Mr. Douglas Curtin who is Chairman of the Policy Committee of the Nova Scotia Federation of Agriculture, and Mr. Jim McNeil, Nova Scotia Department of Agriculture.

THE CHAIRMAN: We are glad to have you, and later on when we are asking a few questions, if you want to pass them to Mr. Curtis you can do that.



MR. HILL: I can assure you I will be pleased to do so.

THE CHAIRMAN: Would you care to read your brief now?

MR. HILL: The Nova Scotia Federation of Agriculture is pleased to submit to your Commission this brief, setting forth its views concerning certain aspects of price spreads.

In reviewing the Terms of Reference of the Commission it is particularly pleasing to note that the scope of the inquiry is not limited to the extent and causes of spreads but also to make remedial recommendations if spreads are found to be burdensome and to generally examine the adequacy of the price information now available.

In 1934 and again in 1948 Royal Commissions were appointed to investigate prices and price spreads. In 1955 a Royal Commission on Canada's Economic Prospects devoted considerable time to marketing trends, and margins. In these investigations a close examination of the marketing machine was carried out and although the extent and nature of existing spreads were described with considerable accuracy, little remedial action resulted, and the spread continues to widen. A review of this literature would lead one to believe that the farm-retail spread is a rather nebulous quantity, the existence



of which is certain but at the same time most difficult to cope with. This Commission will undoubtedly receive testimony justifying the existence of any spread, no matter how large. Other testimony, like that presented to you now, will describe the fear and anxiety that results from the spectacle of an ever-increasing farm-retail spread. The composition of this Commission lends great hope that a precedent will be set, in that its findings and recommendations will contain measures calculated to resolve these divergent views.

This submission does not pretend to examine in detail the make-up and extent of the farm-retail spread, as the complexity of this task is very apparent. Considering this spread as the difference between the retail price and the farm value, with necessary adjustments for by-product values and shrinkages, the personnel and facilities required to obtain this is beyond our resources. Furthermore, the Commission is more capable and better equipped to do such a job. In view of this, our submission will be confined to certain observations of the marketing machine that have a bearing on the problem that is being investigated.

Recently published material on marketing margins indicate that the farm share of the retail



food bill is gradually declining. Between 1949 and 1956 this share fell from 51 to 45 per cent. In 1956 the farm share declined from 46 to 45 per cent as the result of a 2 per cent rise in retail prices and farm prices remaining reasonably stable. I would refer you to Index 1.

An examination of data on specific foods for the last 25 years indicate a trend towards higher marketing costs and a smaller share of the consumer dollar going to the producer Tables 1 and 2. The popular remark that marketing costs more than production, is generally substantiated by this data and the worrisome question in the minds of farmers is just how long and at what rate will this trend continue. In the 1958 March-April issue of the Agricultural Institute Review, H.K. Leckie of the Meat Packers' Council of Canada writes as follows:

"The total costs of processing and distributing farm products will increase, relative to agricultural production costs; or stated in the vernacular, marketing costs will make up an increasing share of the consumer's dollar."

Coming as it does from a representative of an industry that accounts for a large part of the



average consumer's food expenditure, it augurs little respite in the years ahead. To belabor further the belief that farmers hold regarding the existence of a burdensome farm-retail spread and its impact on farm prices would be superfluous. Rightly or wrongly, the belief exists, and only a thorough revelation of the facts can dispel it.

The existence of an increasing farm-retail spread indicates that its incidence must necessarily be felt by some segment of the economy. How has the consumer fared in this development? Between 1946 and 1956, the amount of certain staple foods purchasable with one hour's industrial wages gradually increased - Table 3. During the same period total food expenditure as a portion of the disposable income declined from 22.4 to 21.6 per cent - Table 4. Basing our appraisal on this data, it can be generally concluded that food expenditures have not excessively burdened the income of the average consumer.

We hasten to explain that in stating these facts, it is not our intention to initiate hardship on consumers. On the contrary, we view the position of the average consumer as being a continuous struggle to make ends meet, due to the demands of modern living.

Indeed, many low-income families are forced to extreme measures in order to do so. This is,



however, a matter of income distribution. In this appraisal of the relationship between food prices and purchasing power, our conclusion is that the relationship is reasonably favourable.

The biological problems of production shrink to nothingness in face of the problems arising from interplay of market forces. Prices of farm products fell steadily from the peak levels of 1951 until the Spring of 1956. From then on, only a modest recovery took place. From 1952 to 1955 farm costs fell slightly but rose again, and early in 1958 were 3 per cent higher than the peak levels of 1952. Coupled with an increasing farm-retail spread, the overall position of the farmer is not good.

Studies carried out by the U.S.D.A. indicate the farm-retail spreads follow very closely the wholesale price index for all commodities rather than for farm products. These apparent independent non-agricultural forces not only regulate spreads but also costs. This is an area where investigation would prove fruitful and remedial action effective.

The nature and composition of the farm-retail spread has some disturbing influences. A major portion of this spread can be accounted for by labour, transportation, taxes, light, power, heat, etcetera. Most of these costs are inflexible



because they are fixed over a period of time. Wages are fixed by contract between unions and employers; freight charges, power, telephones, and taxes are fixed by Government agencies. These services are built into the economy with some degree of permanency and when flexibility exists it is generally a one-way flexibility, and that is upward. On the other hand, most farm prices are subject to the oscillations of general economy, and are characterized by their flexibility. Since 1951 farm prices have dropped sharply with marketing margins steadily climbing, resulting in an overly severe impact on farm income.

It is a generally accepted opinion that pre-packaged foods, convenience foods, and built-in-maid services account for a major part of the increases in farm-retail margins. Some observations appear necessary before accepting the overall veracity of this opinion. There are, no doubt, cases where this development is carried too far, but living in an age when extremeness is idolized, the possibility of curbing this appears difficult. In some cases, processed and prepared foods cost little more than the same food in a less highly processed or pre-packaged form, and in most cases, the so-called staple foods are available in their almost original form. The important point of



this development is in the idea that built-in-maid services should bear the cost of the conveniences provided. The cautious homemaker should have the opportunity to choose and stretch the food dollar if she chooses.

Pre-packaged and processed foods offer savings in transportation that cannot be overlooked. A further argument for pre-packaged and processed foods is in the opportunity for areas of seasonal production to keep their products before the consumer for longer periods of time.

Farmers view with alarm the danger that exists in the tendency towards market power being concentrated in a few major organizations. Since the war the balance of power in the field of marketing is being removed from the farmer with unprecedented celerity. The Report of the Commission on Price Spreads of 1935, termed by Dr. B.S. Keirstead a "sort of nine day's wonder" pointed out some of the institutional devices of monopolistic control in the Canadian economy. As described by Dr. Keirstead, it was a "significant document" and worthy of more attention than it received. A thorough review of the findings of that Commission may shed considerable light on the situation today in regard to the trend towards the concentration of marketing power and the resulting burdensome



farm-retail margin.

Well-managed co-operative marketing organizations have given farmers a measure of marketing power, and enabled them to obtain a satisfactory part of the consumer's dollar. A case in point is the Cape Breton Dairymen's Co-operative in Sydney, an organization owned and operated by producers. They take in raw milk, pasteurize and bottle it, and distribute it to consumers. Their latest financial statement indicated that 65 per cent of the dollar spent by consumers on milk was returned to producers, as compared to 52 per cent for Canada as a whole.

The lack of capital has been the major detriment to the wider use of co-operative organizations for marketing purposes. Production equipment has so burdened farmers that only in very outstanding circumstances is farmer money available for the establishment of marketing facilities.

The built-in nature of the major components of the farm retail price spread demands a counter-balancing force. Marketing boards, if wisely administered and generally accepted, could supply this required force. By their use farmers could give some stability to their income, and meet on common ground the other factors contributing to the cost of food. In the eyes of some farmers,



and the business public generally, marketing boards have not been accepted as part of the modern marketing machine. For some reason the legislation upon which they are based has not provided the substantial foundation enjoyed by labour contracts and utilities. We earnestly urge this Commission, in their examination of price spreads, to recommend a complete review of marketing legislation, both on a local and national basis.

A major portion of the fluid milk marketing in Nova Scotia is regulated by the Board of Commissioners of Public Utilities. It is difficult to obtain perfection in any marketing plan, and some differences arise on various occasions, but generally speaking, however, this set-up has proved to be very satisfactory. It has given stability to an industry that was previously racked by misdealing and disorder.

Summary and Suggested Policy Objectives:

1. Previous Royal Commissions made an excellent examination of the marketing machine. For some reasons unknown to us, little remedial action was taken.

2. In this inquiry, the Commission is more fitted to obtain the final necessary data and information regarding the nature and extent of spreads. Local data is apt to be incomplete.



3. Available data suggests that the farm-retail spread has increased steadily since 1946. The prospects of a downturn in this trend are not encouraging.

4. The relation between food prices and industrial wages are reasonably satisfactory.

5. Marketing costs and farm production costs are mainly influenced by non-agricultural forces.

6. The portion of the consumer dollar received by the farmer declined from 51 per cent in 1949 to 46 per cent in 1956.

7. The inflexibility of the margin results in particular hardship on the farmer during periods of declining prices. This has been the case during the period 1951 to 1956.

8. Partly through fault of their own, and partly through general public opinion, great difficulty has been encountered in obtaining a degree of inflexibility and stability in prices of farm products.

9. Farmers require a counter-balancing force in order that stability of income be attained.

10. Marketing boards, board of public utilities and producer-owned marketing organizations could give the farmer assurance of a stable income.



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Mr. Hill

We therefore recommend:-

1. More frequent publication of price spread data and more comprehensive market information.
2. An appraisal of the non-agricultural factors contributing to the farm-retail margin.
3. A review of marketing legislation in an effort to obtain for marketing boards a more dignified position in the world of business.
4. That in order to permit the more widespread use of producer marketing co-operatives, a study be made of banks for co-operatives in an effort to supply adequate capital.

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Year	Eggs ^b All Grades c-doz	Fluid Milk c-qt	Creamery Butter c-lb	Cheese, plain		Beef Comm.Qual. c-lb	Wheat		White Bread c-lb
				process c-1/2 lb	pkg		Flour c-lb		
1935	7.7	7.-	12.-	9.-		6.8	2.7		5.-
1936	7.3	6.5	11.8	9.7		7.1	2.6		5.2
1937	7.1	7.1	12.1	10.5		6.6	3.1		5.3
1938	7.3	7.5	12.8	10.9		7.8	3.6		6.-
1939	7.-	7.-	11.3	10.-		7.7	2.6		5.6
1940	7.8	7.1	12.-	11.5		7.9	2.9		5.7
1941	9.5	7.1	11.4	13.6		8.1	2.8		5.7
1942	12.2	7.-	11.8	16.2		8.-	2.9		6.-
1943	13.2	7.3	12.2	15.3		9.4	3.1		6.-
1944	11.7	7.1	12.2	15.5		10.1	3.2		6.1
1945	11.2	7.-	12.1	15.6		10.2	3.-		6.1
1946	11.-	7.-	12.5	15.6		10.2	3.-		6.-
1947	10.5	7.-	13.3	15.7		11.1	3.5		6.7
1948	12.-	7.9	14.1	18.1		12.7	3.8		8.1
1949	11.2	7.9	15.3	19.-		18.4	3.7		7.7
1950	12.4	8.2	15.1	19.7		20.1	4.-		8.-
1951	14.1	9.1	14.2	21.0		21.6	4.3		9.4
1952	15.2	9.8	15.5	24.8		29.-	4.5		9.9
1953	15.8	9.5	14.8	24.1		26.7	4.5		10.-
1954	15.1	9.9	14.4	23.4		24.1	5.-		10.7
1955	15.1	9.9	14.6	24.-		24.4	4.6		10.7
1956 ^a	16.2	10.1	14.5	21.5		25.3	4.9		11.5

a/ Preliminary
b/ from 1949 - Grade A Large
c/ from 1949 - Blue Brand Quality

Source) Marketing Margins for Selected Canadian Agricultural Products, 1935-1949 (1948), Canada Dept. of Agriculture, Ottawa. The Economic Annalist, Canada Dept. of Agriculture, Ottawa, June, 1957.



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Table 2.

Farm Share of the Retail Cost as a Percentage of the Retail
Price, Selected Commodities, Canada, 1949-56

<u>Commodity</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>
	-- per cent --							
Wheat Flour ^b	49	46	42	39	41	35	38	37
Beef, blue brand	64	67	71	62	57	58	59	57
Pork ^c	62	61	61	55	56	53	50	51
Chicken ^c	56	58	58	56	54	55	58	51
Eggs, A Large	82	78	80	74	77	73	76	74
Fluid Milk	56	55	54	54	54	53	53	52
Creamery butter	76	75	79	77	77	78	77	77
Potatoes	48	45	49	61	43	45	41d	41
Canned tomatoes	20	21	18	17	21	22	21	18

- a Preliminary
b Based on domestic prices of wheat, in store Fort William-Port Arthur less marketing charges from farm to Fort William-Port Arthur.
c Method used subject to revision.
d Revised.

Economic Annalist, June, 1957.



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Table 3.

Quantities of Selected Foods Purchasable with one Hour's Industrial Wages 1939 and 1944-56

Year	Eggs	Milk	Butter	Cheese	Blade Roast	Bread
	doz.	gts.	lbs.	lbs.	lbs.	24 oz. loaves
1939	1.1	4.4	1.7	1.8	2.9	5.2
1944	1.6	6.9	1.8	1.7	2.6	7.1
1945	1.5	6.7	1.8	1.7	2.7	7.0
1946	1.4	5.7	1.6	1.6	2.7	7.1
1947	1.6	5.3	1.5	1.7	2.8	7.4
1948	1.5	5.1	1.3	1.6	2.2	6.8
1949	1.6	5.5	1.5	1.7	2.0	6.7
1950	1.8	5.7	1.7	1.8	1.8	6.7
1951	1.6	6.0	1.7	1.8	1.6	6.8
1952	2.2	6.1	2.0	1.9	2.0	7.3
1953	2.0	6.4	2.1	2.1	2.6	7.5
1954	2.5	6.7	2.2	2.2	2.9	7.5
1955	2.3	6.8	2.2	2.2	2.9	7.7
1956	2.4	7.1	2.4	2.2	3.1	7.6

Economic Annalist, Canada Department of Agriculture, August, 1957.



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Table 4.

Food Expenditures: Total Per Capita and as a Percentage
of Disposal Income in Canada -- Selected Years 1935 to 1956

Year	Total	Per Capita in terms of		Percentage of dispos- able income per cent
		current Dollars	1949 dollars	
	<u>million dollars</u>			
1935	791	72.9	156.5	24.0
1940	1,055	92.7	178.3	21.9
1945	1,885	156.1	238.4	22.4
1950	3,039	221.6	216.0	24.0
1951	3,488	249.0	212.8	23.8
1952	3,669	254.3	217.7	23.1
1953	3,747	252.4	224.2	22.4
1954	3,881	253.9	226.3	23.1
1955	4,065	259.0	231.0	22.3
1956 ^a	4,326	269.0	237.2	21.6

a Preliminary, subject to revision
Economic Annalist, Canada Department of Agriculture, August/57



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J.C.

THE CHAIRMAN: Thank you very much, Mr. Hill. We would like to follow our usual practice, and ask you some questions. I am going to ask Dr. Drummond if he will start off.

COMMISSIONER DRUMMOND: Mr. Hill, in the earlier part of your brief, you lay considerable emphasis on the fact that this marketing spread has been widening very pronouncedly and very continuously and you appear to draw the conclusion that in your opinion this is not only unfortunate, but definitely bad. Am I correct?

MR. HILL: That is right.

COMMISSIONER DRUMMOND: Then you quote from Mr. Leckie's recent article to the effect that the width of the marketing spread has been becoming gradually wider as times goes on.

MR. HILL: That is right.

COMMISSIONER DRUMMOND: The question I was going to ask you first of all was this: Whether you agree with Mr. Leckie that the spread widening is inevitable, or if you disagree?

MR. HILL: I might add before we get into questioning any further, that Mr. Jim McNeil, with the Department of Marketing Services, has given us a great deal of assistance in this matter. I am by nature a kind of nervous chap, and by the time I am through reading a brief like this, I am

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in pretty bad shape, until I get my pipe going and steam up to argue. If you would do that.

MR. McNEIL: I will take that.

THE CHAIRMAN: Mr. McNeil, I am glad to say, is known to us. We will be very happy if he will take part in these discussions with us.

MR. McNEIL: It is just a matter of talking, and the point is this, Mr. Drummond, I don't think that is within our realm to decide. I think that is your job, and as you recall, in the early part of the brief, and it has been reported in the press, that Dr. Stewart has some doubts as to whether the margin was too big or too small, and what was happening, so I think that is the job that only your Commission can provide. I think that is the main purpose for your Commission to determine these things.

COMMISSIONER DRUMMOND: Assuming for the moment that your conclusion is correct, that that is our job, I think it would not be amiss nevertheless to get the best possible opinion from those here.

MR. McNEIL: I will give you a general opinion, yes, I will give you a general opinion, but mind you this is just an opinion. As an economist we can talk the same language, I guess.

We can talk that we must determine those things. We have taken Leckie's statement here as a statement of a responsible representative of



a large portion of the industry, of the agricultural industry and it is a rather disturbing thing, I would think, to both farmers and consumers to think that there is going to be a continual spread. There is no end to this thing, and that is exactly what his commentary on it says.

COMMISSIONER DRUMMOND: I don't know. I have not had a chance to read this article. I knew he was writing it. I saw a reference to it the other day. I just didn't have time to read it.

MR. McNEIL: I will provide you with a copy.

COMMISSIONER DRUMMOND: I have a copy, but I do not know the context in which this particular statement is made or the basis on which he comes to this conclusion. We did hear the other day from another witness who claims that as time goes on that this thing we all speak of as the standard of living will become higher and higher and the mere fact that that happens is in itself sufficient proof that a number of different services will have to be provided, and will be provided and it would all cost money, and when these are added up it means the continuing of the widening of this spread.

MR. McNEIL: We probably agree with that, but I think the major issue that we take in this, on a theoretical basis, the major issue that



we take is this, that it is the inflexibility. We do not argue, I do not think we are arguing here against the spread, how big it is or to what extent it is, it is your responsibility to determine that at the end of these hearings. The point I am trying to make or we are trying to make as farmers and we are all farmers, or we would not be here today, but it is the inflexibility of the thing. In other words, we bear the burden of any increase. This is a subtracting machine, if you had an adding machine you could work it out pretty well, but this is a subtracting machine, and that is the way it works!

COMMISSIONER DRUMMOND: Before leaving this point, may I suggest this for your consideration? This total job, call it marketing, may become more and more elaborate as times goes on, in other words, the number of marketing functions or the importance of each may change and become more involved.

MR. McNEIL: True.

COMMISSIONER DRUMMOND: But in your opinion, do you not think there is at least a possibility, if you like theoretically again, that each of these functions as time goes on could be performed more efficiently even if the number of functions might have to change?

MR. McNEIL: Well, again that is your job,



I think you must determine that, because I do not think we can with the limited resources we have to do this job. I think that is a job that has to be done by your Commission.

COMMISSIONER DRUMMOND: My only reason for asking this is the stress you lay apparently on the fact that the spread is widening and has been widening and the conclusion drawn is that this is a really serious matter, it is definitely bad from the farmer's standpoint, and presumably from the general welfare standpoint. Now, if that conclusion is correct, that is one thing. On the other hand, if we must, and I want to emphasize that word very much, if we must eventually conclude that some other conclusion is necessary, it sort of changes our picture. Of course, we have not arrived at any conclusions yet.

MR. McNEIL: Well, I would leave you to your conclusion, that is your job, but I leave the major part of the examination. The only thing that we can do, I as a marketing representative and here with two good farmers from the province, the only thing we can do here, and I believe this is it, is to present to you some of the things which we think are in the minds of people. I believe that is the only reason this Commission was set up, it is in the minds of people, and this exists



and if you prove they are legitimate claims of costs and prices, all right, that is your business. The only thing we can present is argument that this exists in the minds of people. The new Government that came in for some reason or other, I do not know why, they must have had a reason to present this case, it was a very acceptable thing to producers and consumers.

COMMISSIONER DRUMMOND: It does seem to me to be at least what we might call an implied hope that each of the marketing functions would be performed more efficiently, that is at a lower cost per unit as time goes on, instead of the reverse, just the same as we try to get our farmers to produce their products at a lower cost per unit.

MR. McNEIL: I would rather you would repeat that, I did not get it.

COMMISSIONER DRUMMOND: That is what we call marketing, you have had a lot of experience in marketing right in this province, and on the basis of that experience, would you or would you not say that there is a possibility of performing any one of those marketing functions, the transportation function, the storage function, the grading function, or any one of the others more cheaply as time goes on.

MR. CURTIS: From the farmer's standpoint,



Dr. Drummond, we are all interested in the product until it reaches the final consumer, there is no doubt about that. Farmers might, and I emphasize the might again, cannot be too concerned about the thing providing the charge for all these goods and services were put at the right end of the product. It has been pointed out in the brief rightly or wrongly that those charges are more or less inflexible, and when costs reach the limit of what the consumer would or could pay, then the farmer begins to pay for those services, so we could hope for one of two things, that it would be cheaper, that is what we would hope for, but if not, then we would hope that the consumer, I do not look on that with a lot of favour, they would pay for the services the same as we pay for a better automobile tire when it is made.

COMMISSIONER DRUMMOND: I realize the inflexible nature of these marketing costs, My question was really this: Whether over a period of considerable time any one of these inflexible or fixed costs might not be reduced, it would have to be done in a sort of jerky fashion to remain fixed for a considerable time, but over a longer time you could hope for it to be reduced as a result of increased marketing efficiency.

MR. McNEIL: I do not think that we have



stated that, because it is hard to predict that. There are likely some labour people here today who can predict that, but we cannot predict what labour is looking for, we cannot predict what railways are looking for. That is not the point that exists, and that is going to be their dealings with Government. The only thing that we point out in regard to that, and it is more of a -- I will put it this way, I am being more critical probably of farmers because we cannot put the inflexibility in the thing that they have.

COMMISSIONER DRUMMOND: Match inflexibility with inflexibility?

MR. McNEIL: You are yourself with the same equipment, that is the point. It would be foolish for me to say that labour is going to reduce their wages in the next few years, or the cost of packaging carrots is going to go down, no one can say that, at least I cannot.

COMMISSIONER DRUMMOND: On page 6 you state at the beginning of the second paragraph:

"It is a generally accepted opinion pre-packaged foods, convenient foods, and built-in-maid services account for a major part of the increases in farm retail margins."



Then you say this is something that should be looked at very carefully before being too sure about, and you came to the conclusion I think at the end of the paragraph, it is that whether these things are necessary or not, or desired by the consumer or not, at any rate they should stand on their own feet, is that right?

MR. McNEIL: That is right. Let them bear the cost. I was referring to two particularly. I will just take two instances, I will take peas. We produce peas in this province here, and while we harvest them, and it is just one crop, and we get out of those peas, so M.W. Bird's and McGee of Picton and a few of them put the peas in cans and they are able to give them to the consumer for 12 months of the year.

I will take another example. I will take carrots for instance. Now we always, everyone wants to grow carrots. That seems to be if you want a cash crop you grow carrots. That is the general public's opinion, general opinion I should say, that we are in competition, even though we have some tariff on carrots coming in -- even though we have some tariff, and I can't quote you the exact figures on it. The point is this, that consumers want those nice looking carrots in February. Now what we are doing is this, we take our old



carrots we held in cold storage for a while, cool room, and they are nice looking things, and we take them out and wash them, and then we put them in bags, transparent bags, the chemical composition I cannot describe. It is a bag. It is a transparent bag. You know there is a fair acceptance for that product. I mean consumer preference. That is how you determine the whole thing, they will pick up that carrot, -- looks good, there is a little sweat on the inside. It looks all right, it looks good, and the carrots are good mind you, but we have been I think by doing that able to lengthen the marketing season for carrots in this province here, I am speaking particularly about, probably by a month and a half by doing that, and that is a job of pre-packaging which I think costs money, yes, but I think it has sold your carrots.

COMMISSIONER DRUMMOND: In other words, you would say that the economic returns far more than justify the extra cost?

MR. McNEIL: I would be inclined to believe so. I would go along with that. There are extremes in these things, and if someone wants an extreme in something, let him pay for it. That is my opinion. If he wants those carrots and quality there, let him pay for it.

COMMISSIONER WALTON: Then you say the



cautious homemaker should have the opportunity to choose. Stretch the dollar as she chooses.

MR. McNEIL: True. In my mind there is this thought if you want to buy 75 pounds of potatoes, you should be able to buy them, and that you can buy them up here on Spring Garden Road or you can buy 50 pounds of carrots.

COMMISSIONER WALTON: Still a choice.

MR. McNEIL: That is her choice.

COMMISSIONER DRUMMOND: At the top of page 7 you refer there to the danger that exists and the tendency towards market power being concentrated in a few major organizations. First of all, is it your feeling that this concentration in a few hands is becoming more and more pronounced in this area in recent years?

MR. McNEIL: That is a very delicate thing. I don't think I would want to deal with it here at all, but I refer you to a careful examination of the 1935 report, and you have it. You certainly have looked that over.

COMMISSIONER DRUMMOND: That is one of our first steps. I might suggest that as a Commission we sort of feel that our main concern is with what has happened say in the last 10 years, and the reason I asked that question was if this concentration has contributed to the widening of



spreads, then has there been extra concentration in the last 10 years to account for the extra widening of the spread in the last 10 years?

MR. McNEIL: Well again I think that is left to the Commission. I would be inclined to believe that you must make that examination. I myself, we have made a thorough examination of 1935. We got our own opinions which are generally biased. I will agree that they may be biased farmer-wise, but the point is this: That I think that that Commission has put forth a document and the only reason that document was not recognized seriously enough was because the Rowell Sirois Commission came after it and took the whole limelight before the document became important in itself. I think any examination of that document by the Commission itself would be a very worth-while objective.

COMMISSIONER DRUMMOND: At the end of that first paragraph again you say the concentration of marketing power and the resulting burdensome farm retail margins, in other words, this burdensome margin has been at least apparently due to the concentration of marketing power?

MR. McNEIL: I don't think I would want to dwell on that too much here. I will refer to the representations made by Roy Grant of Moncton -- when was it -- I think probably as substantiating part of our thinking here.



COMMISSIONER DRUMMOND: You follow that statement by the further one to the effect that co-operative organizations, that is voluntary co-operative organizations have in at least some cases contributed very substantially to improving this situation, and I think you state in one case has enabled them to obtain a satisfactory part of the consumer's dollar. I wonder for our information if you could take time to sort of give us a brief --

MR. McNEIL: I used one example there I think.

COMMISSIONER DRUMMOND: Yes. What I think we need to get is some further information with regard to the extent to which this type of thing, I mean voluntary co-operatives have actually been applied in connection with marketing farm products in Nova Scotia.

MR. McNEIL: I don't think I could do that here today. It would be very difficult to take those, but I think Howard MacKichan here who is the representative of the Board, I think he would probably substantiate anything we have said here and could give you further information if you would make a note of it. Would that be O.K.?

THE CHAIRMAN: That is quite satisfactory.

COMMISSIONER DRUMMOND: I think my main concern is whether or not the facts would show that you have made anything like as complete use



of this particular technique as it is possible to make, or whether there is still considerable further room for improvement.

MR. McNEIL: I will tell you Dr. Drummond, the point probably that I am trying to bring out there is this, that the philosophy of co-operative organizations, you build that over a period of time. You get it. We got it through St. Francis Xavier University, and they got it from somewhere else. I don't know where, however, we sort of come back to that as a starting point. All right, you start there, but just as far as consumers and producers doing them as a group, what is the simplest way to start? You see, what is the simplest way to get into this thing? So the simplest way is to set up some type of retailing outfit because you have got then the farmer, your margins are somewhat steady, and you know pretty well when you start up a little retail store you can pretty well tell what you are going to get for various things, and so you start up, and that is the simplest way to get into co-operatives you see, start retailing, selling what someone else has already produced. O , so you do that.

Now, that is a simple operation. That is a very simple operation, the big operation, the most complex one is to get into a marketing job and



do a job for the producers. It is all right to sell to Doug Curtis and Ross Hill here. That is a simple operation. I could sell them anything I guess, but to take their products, they are milk producers, they are in a little different position, but to take their carrots or livestock, that is a little different proposition, and we have been a little afraid to get into that due to probably facilities, due to a few things. We had a talk today on facilities, and that is the more complex problem. You have marketing forces that are entirely different to a retailer.

COMMISSIONER DRUMMOND: Now I notice --

MR. McNEIL: I have been answering those questions here. There are two men here. I will give you the practical aspects of it.

COMMISSIONER DRUMMOND: I notice you make very considerable of the Marketing Board idea, and strongly recommend that this Commission give serious consideration to every legislative aspect of marketing boards and so on. I also notice that you speak of the success that has attended your steps in respect to marketing of fluid milk on the so-called Milk Board basis, and I would almost gather from the submission there that you feel so satisfied with the use of the Milk Board in connection with marketing of milk



you are inclined to recommend that same sort of technique on some other products?

MR. McNEIL: I would rather pass that to the two men here to answer.

COMMISSIONER DRUMMOND: Mr. Hill, what have you to say, or Mr. Curtis?

MR. CURTIS: It operated so successfully under the -- that is the milk distribution and sale of milk, operated so successfully under the Board of Public Utilities. That has a degree of stability in it. We could not look at anything else, Dr. Drummond, at least it would have to be something comparable to it now.

Everyone in this room is probably familiar with the proceedings of milk marketing before we had a Board of Control. Before we had a Board of Control, anyone could start up in the milk business. You could get yourself a wagon and a horse, and a few bottles, and you were in. You faced terrific competition on the street, of course, from the people who were and had been established, and the only way you could compete, and get into the market on any basis of volume, was to cut the price. I know what I am talking about when I say that because I went through it at home, my father's home.

So you cut the price, and the only way you could cut the price was to cut it to the producer



and when the Board came along, they took all that out. They established a minimum paying price to the producer, and a consumer paying price, and then the margin in between apparently must have been reasonably satisfactory because they are still selling milk on the street. I would not want to go back to the old cut-throat method. The farmers do not want to go back to that.

COMMISSIONER MacKICHAN: Apparently there is a point at which inflexibility is a virtue.

MR. CURTIS: That is one of the points of this brief, Mr. MacKichan. That is the only degree of flexibility or one of the few degrees of flexibility, is in the farmer paying price. After that it becomes more or less inflexible due to the costs that are mentioned here, taxes and controls of all kinds.

COMMISSIONER DRUMMOND: Do you still retain the fixed price of the milk at the retail end as well as the producer end, do you?

MR. CURTIS: Yes. There is a minimum paying price to the consumer.

COMMISSIONER DRUMMOND: In some provinces as you probably know, they have eliminated the price at that end.

MR. CURTIS: Yes, that is true, some of the provinces but here there is a minimum price to



the consumer.

COMMISSIONER DRUMMOND: Do your producers definitely favour the retention of that?

MR. CURTIS: I would say so at the present time anyhow, Dr. Drummond.

I don't think they would want to get -- one of the only areas in the province where they left that at one time was a few years ago. They only lasted for a year, and they were getting into a price war despite the minimum consumer's price which the Board established and was prepared to support. The farmer found himself getting his price cut down so he was in -- and they soon had to have the Board back in to put order in.

COMMISSIONER DRUMMOND: In the earlier part of the brief you stress the fact the spread has been widening all along. Has the spread in the case of fluid milk been widening much less than in other products or has it been widening at all?

MR. McNEIL: I think there is no substantial change. It may fluctuate 2 or 3 per cent one way or the other from year to year, but I think that has been reasonably suitable as far as we can determine. Mind you, it would require a study of the prices and margins that we have not done. I say again I am leaving that to the Commission. I think they are equipped to do it.



COMMISSIONER DRUMMOND: With regard to the Marketing Board concept, since you really strongly like this idea, I am just wondering why you feel that a Marketing Board or Marketing Boards would actually tend to improve the situation. Are you thinking of marketing boards as something that will improve your bargaining power, and thereby raise your prices? Are you thinking of them as something that will make it possible for you to market in a more orderly fashion, or are you thinking of them as something that will give you a control over more products, and therefore make it possible to perform functions more efficiently or what?

MR. McNEIL: Well, I think the general approach to that -- and you see it. You do not have to look too far to see it - that these things we talked about are to some extent most inflexible things with which we cannot deal; labour, costs of the package, the cost of the truck. As far as the farmers are concerned they can't do too much about that, but the point we should try to reach on this thing is that the only known means that I can see now -- outside of a closed shop, as far as farmers are concerned, and that is a long way up -- the only known means is to use what possible legislation is available to put



some type of order -- order is a third-rate thing to me, whereas I say inflexibility in the thing. I teach that to my students, rightly or wrongly. The Minister has left, but I think that is right, that we must get some inflexibility in the thing, and it is going to be a tremendous job. I realize it. I don't think this Commission -- there will be another one in 1965 on the same thing. Probably by that time there will be 5 per cent of the people farming rather than 17 at the moment.

COMMISSIONER DRUMMOND: Do you think it may be more possible then to get this inflexibility?

MR. McNEIL: Yes. I would be inclined to believe we may be able to do something then through some type of legislation.

MR. CURTIS: I would agree with you on that, Jim. The fact that we have 17 per cent of the people or a great number of farmers farming, of course, militates or makes it that much more difficult to organize marketing boards. Of course, it makes it that much more difficult -- the more there are farming -- I would not want to be misunderstood in this. I would not want anyone to think I think that farmers ought to disappear to 5 per cent.

MR. McNEIL: I will go along with that.

MR. CURTIS: It will come, of course, but the fact there are so many makes inflexibility that

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much more difficult. The fact that there are around 3,000 carrot producers in Nova Scotia just makes the degree of inflexibility that much more difficult. There are 3,000 fellows someone can go to and buy carrots from, and they haven't anything like the organization probably that the automobile dealers or the labour unions have to stiffen marketing facilities.

MR. McNEIL: I will hasten to say that when we mention labour, there is no divergence. I like to have good prosperous labour people in this province. We are just using that idea, not the fact that we begrudge them anything they are getting.

MR. CURTIS: No. I would not want the press or any labour representative that is here to spread the opinion abroad that the farmers were opposed. I believe any farmers -- I think they are pretty close to the bottom. I believe that they should look up to what the other fellow has, that is better than he has, and try to get that rather than pull down what that fellow had. I respect labour's opinion on what they have that they are going to hold on to it.

We, as farmers, should struggle to get that. We should not tear down what anyone else has, whether it is labour or anyone else. I think



they will know the farmers are not opposed to the things they have.

MR. McNEIL: I think Lincoln made a very fine statement on that one time when he said "It is a good society that you can build a house of your own and be reassured someone was not going to tear it down." I think that is what is happening. There is no intention of tearing down anyone's house. We are just trying to make a case for the farmer.

COMMISSIONER DRUMMOND: Is there anything further you gentlemen would like to add in respect to marketing boards, their objects or your experience with them, or your feeling about them?

MR. McNEIL: I would like to say just one thing. I have a sample I was going to submit as a bit of evidence here today, and I will give it to you later on, being the attitude towards this type of thing.

I work at the Provincial College. I teach economics, but I get regularly a publication known as "The Rural Scene". It is produced in Midland. I don't know where Midland is in Ontario, but somewhere. It is produced by the editors. The editor's name is on it, and the last copy that I have of that is the most vituperative thing that you ever saw as far as marketing boards in Ontario



you ever saw.

Now, the thing that I question there closely on this is that man such a philanthropist that he can send me this thing every week on his own, or is he supported by some general segment of the economy to send it? I get this thing free. They never bill me. He has not sent me a bill yet.

Is that a sort of warfare that is being waged in this direction?

That is one sample. The other sample is if you went to the House down here and looked through the findings and talks in our Legislative Assembly down here, from 1947, it is the most difficult thing to get a piece of legislation put through. Why? I don't understand why. There must be someone opposed. We have a Potato Board in New Brunswick and in Prince Edward Island and generally it was a thing that the average fellow looked down on, and finally they got rid of it. That is not for the press what I said, the latter part of it -- it is just that I was trying to support what I was saying here of the apparent dignified position that that type of thing should have in the economy.

COMMISSIONER DRUMMOND: That is what you have in mind when you say on page 8:



"In the eyes of some farmers, and the business public generally, marketing boards have not been accepted as part of the modern marketing machine."

MR. McNEIL: That is right.

COMMISSIONER DRUMMOND: Well, I think those are the main points I would like to mention just now.

COMMISSIONER KIDD: I would like to pick up a little on the marketing boards which is a favourite problem of mine. You say for some reason the legislation upon which they are based has not provided substantial accommodation and so on, would you like to comment on the reason? You say for some reason the legislation has not provided a substantial basis, why is that so?

MR. McNEIL: I do not know, I cannot answer that, that is the reason I asked for a review.

COMMISSIONER KIDD: What would you expect to get out of such a review?

MR. McNEIL: Well, again, and I don't want to be quoted here --

THE CHAIRMAN: Well, I must call to your attention that there is a stenographic record being taken here of everything that is said. We do not wish to embarrass a witness, but once the word is spoken it is on the record.



MR. McNEIL: I did not know that.

COMMISSIONER KIDD: I do not want to embarrass anyone, the reason I asked the question is that this Commission is aware of the difficulties of various boards in various areas in British Columbia, Ontario and Prince Edward Island, and I just wondered what -- what I was really getting at was whether or not you had studied the situation that existed elsewhere and whether you still think, in view of those situations, that marketing boards are the answer for you.

MR. McNEIL: Well I will answer one part of what you say very easily - the other part - the fact we are going on record I do not want to go into that.

COMMISSIONER MacKICHAN: May we put the question the other way, what is the substantial foundation that is lacking?

MR. McNEIL: Again, I would not want to say what I am going to say is rather rude.

THE CHAIRMAN: Mr. Curtis is a producer, perhaps he could express his view on the marketing board. Have you had a marketing board other than the Milk Board.

MR. CURTIS: There is a Wool Marketing Board at the present time, I am not a member of it because I do not keep sheep, and I am not connected



with it in any way.

THE CHAIRMAN: How long has it been in operation?

MR. CURTIS: Since the war, probably since 1948 or 1949.

THE CHAIRMAN: Has there been a referendum of wool growers held during that period?

MR. McNEIL: Yes, and there is substantial support for it.

MR. CURTIS: Among the producers, yes, I believe that is right, a substantial support among the producers.

THE CHAIRMAN: Have there been any other attempts to set up marketing boards?

MR. CURTIS: At one time the farmers voted on the Potato Marketing Board.

THE CHAIRMAN: What was the result of that?

MR. CURTIS: The vote was lost. I am not familiar enough with the reason why it was lost, but it was lost in one or two areas of the province, the rest of the province voted for it.

THE CHAIRMAN: I am trying to get factual material on the record here. There has been no further referendum of producers on marketing boards.

MR. CURTIS: They had an Apple Marketing Board and a Hog Marketing Board.

THE CHAIRMAN: You have both?



MR. CURTIS: The Apple Marketing Board is not in effect now.

THE CHAIRMAN: How long did it operate?

MR. McNEIL: For four years.

THE CHAIRMAN: What about the Hog Marketing Board?

MR. McNEIL: It is still in effect.

MR. CURTIS: Yes, and all the hogs that are marketed through packing houses and that type of thing go through the marketing board. The hogs for the local market do not go through the marketing board.

MR. McNEIL: The point I was trying to make, it is difficult in my opinion to win a case on an infraction of marketing board regulations. That is a point I want to make.

THE CHAIRMAN: It is difficult to win a case.

MR. McNEIL: A court case against a farmer.

THE CHAIRMAN: For a violation?

MR. McNEIL: Yes.

COMMISSIONER DRUMMOND: In other words, it is difficult to enforce the regulations?

MR. McNEIL: That is the one point that I was strong on.

COMMISSIONER KIDD: I wonder if we could



look at this from another side? I am wondering if the size of the unit of production has a bearing on the difficulties in which the producer finds himself and if so, carrying it one step further, and if so would marketing boards be able to correct the situation in which the producer finds himself?

MR. McNEIL: Well, if you use the word "correct" as a definite thing, I would say I would not want to express my view, but it would help.

COMMISSIONER KIDD: What about the first part of the question?

MR. McNEIL: Well, what was it?

COMMISSIONER KIDD: What about the first part of the question?

MR. McNEIL: Well what is it?

COMMISSIONER KIDD: I said is one of your problems is the size of the unit of production?

MR. McNEIL: I don't think that is the case at all.

COMMISSIONER KIDD: You wouldn't say that is the case?

MR. McNEIL: I wouldn't think so.

COMMISSIONER DRUMMOND: I asked you that because we heard it elsewhere.

MR. McNEIL: In poultry we range from 50,000, more than that, from 150,000 birds to 200,000 in this case.



COMMISSIONER KIDD: Well the 200 units could hardly compete with the larger unit?

MR. McNEIL: That is a question that I wouldn't want to establish. I wouldn't say 200, but I will put a man at 2,000 and I don't think there is yet enough evidence to prove that the man with 150,000 can produce any cheaper than the fellow with 2,000, immaterial of all our economic concepts of efficiency. You only have to see a couple of those people and realize what they are going through, the big operator today.

COMMISSIONER KIDD: Do you think by establishing marketing boards with certain regulations, certain marketing conditions attached to them, that you might bring into the marketing board smaller producers?

MR. McNEIL: Well I don't know. I don't think that is the point Mr. Kidd. I don't believe that is a serious thing. As I told you in the beginning, the main attempt is to put some, and I will use a very crude word, put some monopoly.

MR. CURTIS: I think Dr. Stewart or Mr. Kidd, in answer to that question the need for it, the reason farmers feel it has the need for marketing boards or an agency similar to that is the same reason that labour, and I am referring to them only as a comparison, have their organizations.



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If they didn't have two-thirds per cent of a surplus of labour, could drag the whole scale of wages right across the country down to a point where labour probably couldn't get the wages that they have. It doesn't make any difference if there is 10 per cent of the surplus or not, and that is a large number. They still maintain their wages.

COMMISSIONER KIDD: I have great sympathy with your parallel.

MR. CURTIS: The farmer is far too often, far too many cases, he has seen 3 or 4 per cent of a surplus production drag the whole scale of farm prices down to a level below probably cost of production, something like that, and that is where farmers feel that you put stability at least, and probably some inflexibility in the thing, it would be marketed through that, and they couldn't -- you would remove bargaining power from someone who holds it at the present time, and is not in the hands of the farmer.

MR. McNEIL: Probably I am going to make a statement here which I don't know too much about, but I would generally say that the law of supply and demand has gone as far as the factors in the cost are concerned.

This year we had 10 or 12 per cent of the labour force unemployed in Canada, and again I am not



going to use anything, but there was no lowering of labour, and that is the way it should be. That is my thinking. That is the way the farmer should be. Hold it there.

THE CHAIRMAN: I think we have covered the ground very well, and we appreciate your presence here, and the submission you have made. We would like to thank you. We will take a recess of 5 minutes.

--- Recess.

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SUBMISSION OF
CANADIAN ASSOCIATION OF CONSUMERS
NOVA SCOTIA BRANCH

Appearances:

Mrs. C. Gus. Manolopoulos	Provincial President
Mrs. Bowie	Convenor, Dartmouth Branch
Mrs. Collins	Vice-Chairman
Mrs. Hunter	President, Halifax Branch
Mrs. Butts	Secretary, Dartmouth Branch

THE CHAIRMAN: The brief of the
Canadian Association of Consumers, Nova Scotia Branch
will be considered as Exhibit No. 45.

EXHIBIT NO. 45: Brief of the Canadian
Association of Consumers,
Nova Scotia Provincial
Branch.

THE CHAIRMAN: Come to order, please.
We will now receive the submission of the Canadian
Association of Consumers, Nova Scotia Branch, which
will be presented by Mrs. C. Gus Manolopoulos.
Mrs. Manolopoulos, you have some other ladies with
you. Would you like to introduce them to us?

MRS. MANOLOPOULES: Yes. I would like
to introduce Mrs. Bowie. Mrs. Bowie is Complaints
Convenor of the Dartmouth Branch. Mrs. Collins,
Vice-Chairman of the Dartmouth Branch. Mrs. Hunter,
President of the Halifax Branch. Mrs. Butts, Secretary



of the Dartmouth Branch, Canadian Association of Consumers.

THE CHAIRMAN: You have seen our procedure. We would like you to read your brief into the record, and then we will have some questions, and any of the ladies may take part if they wish.

MRS. MANOLOPOULOS: Probably for the people who are here, I would like to give a little bit of information about the Canadian Association of Consumers. It is to unite the strength of all the consumers, to improve the standard of living in the Canadian home, and to study consumer problems, to make recommendations for their solution, and to circulate information on matters of consumer interest, to secure and amalgamate opinion, and to bring the view of the consumers to the attention of the Government, trade and industry, and to provide a channel from them to the consumer. I would like to submit this brief of the Nova Scotia Branch of the Canadian Association of Consumers.

Milk: All of the fluid milk consumed in Halifax is produced within a radius of 75 miles of the city -- most of it within 50 miles. The producers receive \$4.95 per cwt. delivered at the processor's plant at Halifax. This is approximately 12-1/2 cents per quart. Trucking cost from point of production to the city probably averages a cent



per quart. At the present time, consumers in Halifax are paying 23 cents per quart for milk. Of this amount the producer is receiving at the farm about 11-1/2 cents, making a spread of 50 per cent between producer and consumer. If the portion of the supply which is paid for at surplus prices is taken into account, the spread is still greater.

We have no means of knowing whether the profits made by processors and distributors are too high or not. We are convinced, however, that the present system of distributing milk is inefficient and costly. We believe that a three-day-per-week delivery instead of a five-day-delivery, as at present, would be ample, and should result in a substantial saving in delivery costs. We believe also that a three-quart container should be made available so as to facilitate the handling of milk in stores. Milk is an essential food, especially for young people, but due to the high price to the consumer the per capita consumption of milk in Canada is steadily decreasing. In 1945, according to D.B.S. figures, the daily per capita consumption was 0.98 pints. By 1955 this had decreased to 0.83 pints. It is obvious that the producer is not getting too high a price, but we cannot escape the conclusion that distributing costs are too great.

Apples: We also feel that the spread between producers and consumers prices of apples is



entirely too great. According to figures supplied by the Department of Agriculture, the average price received by the apple growers in the Annapolis Valley for fresh apples produced in 1956 (the last year for which figures are available) was \$1.38 per bushel. It is difficult to estimate the average price of these apples in consumer packages but we think it would not be less than 10 cents per pound, or \$4.50 per bushel. When it is realized that these apples are produced within 50 miles of this city it is difficult to understand why there should be such a spread. We should also like to point out to the Commission that while consumer packages are usually marked with the grade and variety of apples contained therein, there is no indication of the size range of apples in the package. Size in apples is just as important as size in eggs and should be marked on the package.

Potatoes: Potatoes are another important food product in which there appears to be an extremely wide spread between producer and consumer. In the Department of Agriculture Market Report of April 3rd, 1958, potato prices to the producer, delivered Halifax, was quoted at \$2.30 per 75-pound bag. In the Halifax Mail-Star a few days later the retail price of potatoes was quoted in one of the chain store advertisements at .63 cents per peck, or the equivalent



of \$3.15 per 75-pound bag, or a spread of 37 per cent. For a non-perishable product such as potatoes, which does not require processing or cold storage, or any special handling, we consider this spread much too high.

THE CHAIRMAN: Thank you, Mrs. Manolopoulos. If you would like to sit down, please do.

MRS. MANOLOPOULOS: Thank you.

THE CHAIRMAN: Mrs. Walton has some questions.

COMMISSIONER WALTON: I would like perhaps to consider milk, which is your first point. May I ask you, do you have, to your knowledge, in any town or city in the province of Nova Scotia a price differential from where you pick milk up at the store?

MRS. MANOLOPOULOS: No, it is the same. You pay a cent more in the store than you would pay at the house.

COMMISSIONER WALTON: Y u which?

MRS. MANOLOPOULOS: You pay a cent more. That is when you buy tickets. I guess you pay the same price, 23 cents. I get it at the house, but with tickets.

MRS. HUNTER: There is a difference.

MR. MANOLOPOULOS: Yes, a cent. Of course, in the cartons you would pay 26 cents in the store. You pay 3 cents for the carton.

THE CHAIRMAN: The container?



MRS. MANOLOPOULOS: Yes.

THE CHAIRMAN: I think we would like to get this right. If there is a differential, it is probable that the price is lower by one cent in the store than delivered?

MRS. MANOLOPOULOS: No, the price is the same, I guess, 23 cents.

MRS. HUNTER: I couldn't say about milk, but I can tell you about bread. You get 10 tickets. It is 22 cents in the store. It is more at the store.

THE CHAIRMAN: That is a ruling of the Board of Public Utilities Commissioners, is it?

MRS. MANOLOPOULOS: Yes. As the Department of Agriculture stated, they are asking for an increase now. It is pending the decision of the Public Utilities who will hand it down. Our producers are asking for 77 cents more. The dairies say that they will have to charge the full cost of it, and a little more for shrinkage, so we will probably be paying 26 cents shortly in Halifax.

COMMISSIONER WALTON: Is there a public hearing held by the Utilities Commission?

MRS. MANOLOPOULOS: Yes, for farmers and producers.

COMMISSIONER WALTON: The consumers get a chance to listen in on that?

MRS. MANOLOPOULOS: Oh yes. We sat in all day and listened. We felt -- we were asked --



we felt that we didn't want the cost of milk to go up. We felt once the cost of milk goes up, other things will gradually start going up. We would like to see this kept as it is, especially now when they have a surplus of fluid milk. We felt more and more people would turn to the powdered skim milk, and be using that.

COMMISSIONER WALTON: Is there a processing plant here for powdered milk?

MRS. MANOLOPOULOS: Yes, in Truro. They take all the surplus milk, and turn it into powdered milk.

COMMISSIONER WALTON: Is it your feeling if the price of milk went up there would be a reduction in the consumption of fluid milk?

MRS. MANOLOPOULOS: Yes, there will be because the milk -- the dairy man brought a number of letters to the Public Utilities hearing that had been handed over to their milkmen on the route, many, many letters that the housewives were saying that they would turn to powdered milk or at least cut down, that they could not stand another increase because we have just had two increases already in Halifax within a year. The producer has only had one increase since 1951, but the dairies had two increases, and as the way it goes now, they are in for a third increase in a very short time.



COMMISSIONER MARTIN: Is that processing plant owned by the dairy?

MRS. MANOLOPOULOS: It is owned, I believe, by the dairies. There are a number of distributors too, and producers who are in, I understand, on some of the dairies. Well, it is something like the fish here that you heard this morning where the fishermen have boats. They would have an interest in the plant and I think that it would be the same thing applying to the dairies. There are a number -- I think -- of farmers together controlling a few of the dairies. It seems to be that feeling.

COMMISSIONER WALTON: You do not have anything but the standard quart and pint?

MRS. MANOLOPOULOS: That is all.

COMMISSIONER WALTON: At any rate you feel there would be --

MRS. MANOLOPOULOS: We feel that if there were a large container that they would buy it at once and take it home, and perhaps put it in their 'frig. and then that would cut down deliveries at the house. As it is now, they come every day to the house except Wednesday. They have Wednesday off, and that only happened within the last year or so. They did come every day except Sunday, but they do have a holiday now in the middle of the week, the deliverymen.



COMMISSIONER WALTON: Have you had any conferences at all with the distributors to find out if reducing from a six-day to a five-day has been a means of cutting down their operating costs at all?

MRS. MANOLOPOULOS: Well, at the same time the teamsters were looking for a raise, they got a \$5 increase, a raise a week, so I don't know if it would off-balance that or not. There are a lot of things that we just don't know -- whether it is the farmers getting it or not. We hope that this Commission will be able to solve that problem and look into and see just where this spread is.

COMMISSIONER WALTON: That is the basis really for the three things that you cite here.

MRS. MANOLOPOULOS: Yes.

COMMISSIONER WALTON: You have no evidence yourself, but on the face of it the producer is getting \$1.38 for his bushel of apples and you do not know whether the spread is too great or it is not?

MRS. MANOLOPOULOS: We don't know.

COMMISSIONER WALTON: In the apple season, when the apples are first being harvested, is there any seasonal break as far as local purchasing is concerned of apples?

MRS. MANOLOPOULOS: I think you probably



pay more at the very start of the apple season because they feel you are getting fresher. A lot of people from Halifax will go down to the valley and pick up a bushel or basket of apples, but they pay the same price up at the store. The only thing is that they think they are getting it right at the farm and fresher.

There are a number of other things. Now, take for instance lamb. I couldn't get any quotations on that to know what the farmer is getting for that. All I know is that the retail Easter, the first week in April, I paid \$1.10 a pound for lamb in Halifax. That was for the carcass. It was a small lamb. I was very glad to get it. It was around 20 pounds. Still at \$1.10 a pound, I felt is quite a lot to pay for lamb. They don't handle it there now. They say wait until it gets larger.

COMMISSIONER WALTON: Little lambs grow up to be big muttons.

MRS. MANOLOPOULOS: Yes. Beef too we find is very expensive. The cuts -- you just don't know why it should be so expensive. We don't know what the farmer is getting for the carcass. We have an idea what he is getting, but we don't know whether he is getting a fairer price or not. Those two -- until it gets to the retail store until you



can buy it, but it is very costly and expensive.

COMMISSIONER WALTON: I was just wondering about potatoes. Do you get Prince Edward Island potatoes here?

MRS. MANOLOPOULOS: Oh yes.

COMMISSIONER WALTON: On your last sentence, I am sure that some of the, shall we say, middlemen or producers, might question your sentence when you say a non-perishable product such as potatoes which do not require processing or cold storage or any special handling. If you were to ship potatoes during the winter time --

MRS. MANOLOPOULOS: Yes, probably would have to be in a heated truck.

COMMISSIONER WALTON: Getting 75-pound bags into a consumer packages-- you still feel from the information you have, there that perhaps there is a larger spread there, again through lack of knowledge or statistics. You would ask this Commission to look into the spread of those three particular products.

MRS. MANOLOPOULOS: Yes. Mrs. Bowie had a little on fish, I think. Would you like to hear that?

COMMISSIONER WALTON: Yes.

MRS. BOWIE: I gather from yesterday that the Puerto Rico market get their cod fish at



23 cents a pound, that is near as I could get from the figures we had yesterday. Yesterday he said there are a number of grades, and I think that was a pretty low grade. In Halifax yesterday and today I checked the price, and it was 39 cents and 41 cents -- 39 cents was the lowest for cod fish, so we cannot use it as a poor man's dish here, because it is not at that price a pound. Cod fish does not have that much eating in it, and an ordinary family would need two pounds. I also have the price of haddock fillets, these are frozen fillets, and this is a paper from Toronto, and I checked it and their price there is 33 cents a package for 16 ounces of haddock fillets. Our own market here, the lowest I could find was 37 cents. That might have been a real special, but I have never seen it here as a special at that price. We do not even get our own regional price any lower at all in specials or anything, we just seem to pay top market prices for it. They were selling in Boston at 39 cents, we are paying 40 and 41 cents here. In fact, last year in Boston I saw one of our best packed lobsters packed in a can with cellophane top, and it was marked "Imported lobster from Nova Scotia", and it was selling for 2 cents a can less than I could buy it here. Now, I do not know why, but to me it does seem that there is something wrong.



Also the frozen potatoes are one of the items in this paper, frozen french fries. The lowest price here I could find was 19 cents a package. Now, in Maine, I had a newspaper from there and the lowest price was two packages for 25. The Toronto market was two packages for 43 and in this case, it raises a question in our minds as to why. I would say there were two cents worth of potatoes in an 8-ounce package of french fries, I believe they are processed near Truro, they are brought to this processing plant by the farmer who probably does not get very much for them. Now to package and freeze and cook these, 17 cents seems like quite a price to me.

Then frozen fish sticks, for instance, another item is something that I think could be the making of the Maritime fish industry, from what I have read and investigated. Most housewives do dislike cooking fish, they will cook it, but a lot of women say "I won't bother with fish, I don't like the odour." In a package, ready to serve, you just heat them and you do not have to have the odour of handling them, and all the rest of it, but at the price they are selling for the haddock fillets, they are now around 33 cents for an 8-ounce package, and the frozen fillets at 37 cents for a 16-ounce package, that is almost double for the process of frying them and packing or, they are packaged in the other instance, but that



is putting a small batter on them, and frying them. It may be just a new industry, and they have new machinery that must be paid for, but I do not see how they can get a market because it is too high for the working person to buy. This is something you buy once in a while for an emergency, but you could not buy it for every day.

MRS. MANOLOPOULOS: Getting back to frozen foods -- here are frozen peas, 30 cents for frozen Bird's Eye peas, 10 ounces, that sounds like quite a price. Bacon that you pay \$1.20 a pound for, that is choice bacon, and I believe the whole hog would sell for about 23 cents a hundredweight. I was just wondering what the large mark-up is there. Some of the cheaper products come from the same thing, sausages are as high as 55 cents a pound, so on the whole, I cannot see anything very cheap from the whole carcass, and I think with regard to bacon we should find out where the spread is there.

COMMISSIONER WALTON: You mean to imply you do not know what grade of bacon you are getting compared to the grade of hog that was sold by the producer?

MRS. MANOLOPOULOS: That is correct.

COMMISSIONER MacKICHAN: On salt fish, the cod fish, that would be boneless stripped?

MRS. BOWIE: That would be boneless, and



the stores we got it for 41, it would be what I would call the old-fashioned type. I looked at it in the stores, and it was what we would say was the old-fashioned type. It was more of the dry hard, which I myself personally prefer for taste, but it is not what they consider choice on the market. The choice on the market was selling even lower, 39, which would be the boneless and all the white meat, and more meaty, you see.

COMMISSIONER MacKICHAN: They would have been cut into a fillet and skinned?

MRS. BOWIE: There was still some skin on the 41. There were still traces of the skin. That is why I say it looked like the old fashioned, what we used to buy, that we don't usually see on the present market, and it wasn't packaged or anything, not even in cellophane wrap. It was just on a tray in a store, and this was a large store, not a fish store where he needs the extra price. It was in the department store. These prices are the lowest in fish store prices.

MRS. MANOLOPOULOS: Getting back to fish, I noticed the other day in a store where they had little cans of English, old English fish from England. I don't know if it was like the man this morning that they thought the fish was processed and cut up in the States, or whether it was just a kind of English



fish since England has a factory here in Canada and doing that. I couldn't say, but it was very costly. Just a tiny little bit,-- make probably a couple of fish cakes, and it was 55 cents.

MRS. BOWIE: I question too this morning the statement about sending the blocks of fish away. I believe that they are processed and done here in Nova Scotia, and perhaps sold under the label of an American known company, but also sold in Canada. I think an awful lot of our fish sticks are packed in Lunenburg, and they have to get as far as Halifax to get the price of 33, and in fact the top grade which most people prefer is 35, and in the stores here on an 8-ounce package the best grade that we can buy, which most people prefer is 35.

COMMISSIONER MacKICHAN: There are also three fish plants packing sticks, fish sticks in Nova Scotia. There is one in Lunenburg, and Canson and Petit de Grat and at least one in New Brunswick under Eagle label.

MRS. BOWIE: That is what I thought, perhaps what he thought was perhaps an American one.

COMMISSIONER MacKICHAN: The American Eagle.

MRS. COLLINS: The fish sticks apparently deteriorate in some packages. They are found to dry out. We were wondering perhaps if there was a date stamp such as used on yeast, could be put on



that type of frozen cooked package, it might be of benefit to the public.

COMMISSIONER MacKICHAN: I am sorry, I missed the first part of your remarks.

MRS. COLLINS: The fish sticks package, if they are kept too long, or at least we assume they have been kept too long, the fish gets tough and dried up inside even though they are frozen. Perhaps if a date stamp could be put on the package at the time that it is packaged, cooked and packaged, it would be an indication that it should be used before a certain time to get the best results from it. They do that on yeast cakes you know that.

COMMISSIONER MacKICHAN: It is one of the things that is spoken of in the new grading regulations. Whether it will be accepted or not I couldn't say.

MRS. COLLINS: Could I come back to milk? We were wondering why cartons were not being used for milk as much as they could be. We have quite a large pulp industry in Canada, and if the dairies were to turn over gradually under a period of years completely to the cartons for milk, they could put up milk in two and three-quart containers, because it would reduce the weight, and it would be simpler probably for distribution. At present a milkman with a route carries a heavy metal container



with very heavy bottles in it. A lighter plastic weight container could be used, and he could fill it with even more cartons, and his daily route would be reduced, and therefore he could take on more and that would cut the cost for unit of milk to the consumer.

COMMISSIONER WALTON: I believe we have had two observations made to us across Canada. One place that on the volume there wasn't too much of a difference between the cost of a glass bottle which is re-used many times, and the carton; and another section I think the differential is about 2 cents a quart. It was much more costly for the disposable carton.

MRS. COLLINS: If you used cartons you could cut out handling, sterilizing of bottles. I don't know whether that is expensive, but that could be cut out. You could maybe use, instead of using six delivery trucks you could cut down to five, because one man could deliver more milk, and take it down to five trucks instead of six, because he is physically more able to carry more milk, because of the less weight. It is a point.

MRS. BOWIE: For instance, every mother who has any grown children, and I get six quarts of milk on a week-end, six to seven, I could easily have it in two-quart containers or even a three-quart container if it would be packaged so it would



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fit in my frig, and I think that would eliminate cost in handling three bottles.

COMMISSIONER WALTON: On these questions on the distribution end you deal with, they perhaps add to the cost unnecessarily?

MRS. BOWIE: It seemed from listening to price reports at the last Price Commission hearings that distributors took a terrific amount of the milk money that the consumer pays. The producer wasn't being overly paid I would say. Well now of course in the distribution we understand you have labour as well which has to be paid for his work, the labourer must, the milkman has to be paid for working and all the rest of it, but it seemed an enormous spread, and it may be unnecessary too.

COMMISSIONER MacKICHAN: The answer that we received from the distributor was that the cartons and also the large containers were not economical in that they would have to maintain their quart filling equipment, and these other odd sizes that are sold automatically would be more of an added cost, and that they had not received an appreciable number of requests for a large container that would indicate any mass use of them. That is their story.

MRS. BOWIE: Madison Avenue says you can sell anybody anything, but I mean if you could --



you couldn't sell packaged things at one time or another. It comes on the market, and they like the packaged goods that the farmer says he could make more on, he makes more, but the consumer may pay a little more.

I think she benefits on the packaged goods there, because formerly you lost a lot when you got carrots by the pound and they were just thrown in a bag and taken out of a bin. Nowadays when you buy a bag, a cellophane bag of carrots you get all carrots, and you do not get waste. Somebody must be getting waste, whoever is packaging them, but I think we would all prefer to get them that way. Your package does help in lots of ways even though they may cost a little more.

MRS. MANOLOPOULOS: Getting back to advertising and premiums give-aways, I was wondering if this added more to the cost or on the other hand, listening to the fishermen this morning, they seemed not to pay too much for the advertising that they were getting. They thought it was building up their volume, building up their sales, so I don't know. I would be something probably for the Commission to think about.

COMMISSIONER WALTON: You approve the recipes and not the gimmicks, is that it?

MRS. MANOLOPOULOS: Yes.



COMMISSIONER MARTIN: Well coming back to the middle of the second paragraph you say, due to the high price to the consumer the per capita consumption of milk in Canada is steadily decreasing. You give some figures of 1945 and 1955. I think the 1956 and 1957 figures will tell another story, but you take or keep in mind the total amount of dairy products consumed, I think maybe it isn't so much the high price alone, but change in the habits, even more cheese, and some other products consumed. You think it is definitely the high price?

MRS. BOWIE: I went and consulted a few of the stores on the milk on the week-end your Milk Price Commission was here. One person went through a wicket with a package of powdered milk in her basket, and the cashier said everybody is buying powdered milk. I went to the manager and asked him and he said we can't keep them on the shelf, we are re-stocking continuously. I asked a few questions and I was told I have to cut down somewhere, and I must have milk for the children so I will use some powdered milk in baking. I am going to try and mix it and see if they will drink it. I will mix it in with the whole milk and try that.

MRS. MANOLOPOULOS: Would this be in Dartmouth?



MRS. BOWIE: Yes.

MRS. COLLINS: I think more powdered milk is being used, and that the consumption per capita has gone up in the last two years because wages have gone up, and I think the consumer is trying to put an end to any rise in her food costs each week, and is beginning to try to cut down even a little bit, and is using more powdered skim milk.

Now I would also like to mention that during the war, powdered whole milk was available. I know it was subsidized, but if that product could become available, and could come on to the market, it would do away with a lot of these uneconomical milk routes, because people could always get the nourishing whole milk powder in the store and it keeps very well without refrigeration, and therefore the distribution end of fluid milk could be cut down, if it were proved not to be economical.

MRS. MANOLOPOULOS: There is another member of the panel, Mrs. Hunter. We have not heard anything from Mrs. Hunter.

MRS. HUNTER: I would just like to ask the Commission if this question of the milk, the distribution of the milk, has come up before. I know the milkman gets a fairly good wage. I have had one for quite a long time, and you become very friendly with a milkman when you have him at the door



every day. When they have a holiday, you only get four days delivery, and we get along that way. Could ~~be~~ alternative days might reduce the cost of milk. Has that been brought up any place before?

THE CHAIRMAN: A number of points about the distribution of milk have come to the attention of the Commission including that.

MR. HUNTER: I really feel that is the only way it might be reduced. You still have the man, and knowing something about labour I feel he has to be paid, and whether he would want to work that way, unless he worked at another job, that does remain to be seen. I really feel that is the only way you could do anything in reducing it. That is my opinion.

COMMISSIONER DRUMMOND: In respect to milk, are you in a position to tell us what the retail price is for milk in other Nova Scotian markets other than Halifax?

MRS. MANOLOPOULOS: It is the same all over except that Sydney is off control now. They are not controlled by the Public Utilities. They asked to go off. I think it is around 25 cents a quart down there.

COMMISSIONER MARTIN: It is higher there?

MRS. MANOLOPOULOS: Yes. They are off the Public Utilities.



COMMISSIONER DRUMMOND: You definitely feel that the consumption here of powdered milk is increasing, do you?

MRS. MANOLOPOULOS: Yes, it is definitely.

MRS. COLLINS: Where it is also increased is that on Monday the milk doesn't seem to be quite the same. It is held over from Friday. I have heard that said a great deal. You get a scum on the milk bottle on Monday. I don't know what it is due to, but I have cut down on Monday's milk and use powdered milk on Monday simply because there seems to be a difference in the freshness of the milk, and that has been repeated to me quite often.

COMMISSIONER DRUMMOND: I noticed in today's press the official figures indicate that there was a 37 per cent increase in the Canadian consumption of powdered milk in 1957 compared with a year before. I do not know what that would be on a per capita basis, what percentage increase there would be, but do you feel that your own members are definitely increasing their consumption?

MRS. BOWIE: There was a tremendous difference in the millions of pounds. I haven't got the figures, but the Dairy Commission produced them -- the distributors -- there was a tremendous millions of pounds difference in the amount of skim milk sold even four years ago compared to this year.



They are the last figures they had, something like 25 more million. I don't know. It seemed tremendous, so the people must be buying it.

COMMISSIONER DRUMMOND: Did I understand you to say that you actually have been using some powdered whole milk?

MRS. COLLINS: No. During the war time, the war period, whole milk was available. It was made in the States, and it was sent to Britain. As far as I can remember according to their research and to nutrition, it was just as good for small children. In fact, it was given out to babies under an allocation. It was subsidized at a very low cost because it was considered just as good as fluid milk. That way, as I say, in certain sections of the city which are not built up, and where a route is very uneconomical because of the very few quarts which are sold, if people could get powdered whole milk, they could cut out these routes altogether.

MRS. MANOLOPOULOS: I think right down in Halifax we were all worked up over the price of milk, because we expect it is going to go up for the third time in a short short time. We are all resolved that the only thing to do is to turn to the skim milk to see if it going to make any difference.

COMMISSIONER DRUMMOND: Can you tell us



who it was that has been requesting the latest increase in price?

MRS. MANOLOPOULOS: The producer.

COMMISSIONER DRUMMOND: You said the last two occasions, the producer did not get any increase. I was just the distributor.

MRS. MANOLOPOULOS: In the Halifax area, the distributor got the increase. Since 1951 the producer got one increase, and they had asked at that time for 55 cents a hundredweight. That was only last November, and they gave them a 35-cent increase. Now they are asking for 77 cents.

Whether they will give them the whole thing or they won't give them any or not, that is left up to them.

There should be a decision come in within a week's time. They usually take about a month after the hearing, but the dairymen made it clear that they would immediately file an application and ask for an increase. They would not pay any of the cost. They would pay to the distributor.

COMMISSIONER WALTON: The Board of Public Utilities sets the minimum and maximum prices.

MRS. MANOLOPOULOS: Yes, they set it at both levels.

MRS. COLLINS: I think -- may I make a point? The consumer here, I am referring just to the housewife, in general has just so much every



week to spend, depending on her husband's income, either \$20, \$25 or \$30 a week; and as soon as prices go up above that, she either has to cut down on her other spending for other consumer products, which is not good for the country as a whole. If she cuts down on furnishings or clothes or cars or anything like that; or she cuts on her food bills.

I don't think she is going to cut down on her food bill, but the end product is going to be, I think, that there will be a decrease in consumer buying in other fields, and that would not be good on an overall basis.

COMMISSIONER DRUMMOND: In an attempt to cut down on her food bills, do you think that there has been any attempt to buy in larger quantities?

MRS. BOWIE: Yes.

COMMISSIONER DRUMMOND: You spoke a while ago about half-pound and one-pound packages of certain things.

MRS. BOWIE: The frozen food plan, for instance, is fairly new in Nova Scotia. I know that hundreds of people over the province have turned to it for the prime reason of being able to cut down on the enormous prices of meats to us.

I do not know how they range in comparison with the other prices, but Mrs. Manolopoulos was



talking about the price of lamb. This Toronto paper shows lamb, whole or half-pound -- 59 cents. This is last week's paper.

MRS. MANOLOPOULOS: I should imagine that would be last year's frozen lamb.

MRS. BOWIE: It could be, I don't know. It is one of the ways people are trying to buy in bulk, and by buying in deals, and buying when prices are lower, you buy it and freeze it.

You pay the price you can afford, and you buy cheaper cuts of meat. Where you once had steaks, you have stews. That is about the size of it.

COMMISSIONER DRUMMOND: You would not buy lower grades of apples and potatoes?

MRS. BOWIE: The lower grades of apples are not a good buy because they are bruised.

You can go up the valley during apple time. I went up last year, and bought at different period, four different baskets of apples. I looked at them. These were culls. I bought them for \$1 a basket because I was coming right home to make them into apple sauce, and freeze them. That was a good buy, but it wouldn't pay to buy them if you had to eat them up. They go bad too quickly on you.

You have no seasonal buying in Nova Scotia,



very little of it. We don't get lower prices, as Mrs. Manolopoulos said. You can go to the valley, and you pay exactly the same price per basket of apples that you would pay at the store, and they have probably just been shipped in that day from the valley, so it is not the same.

They tell us the freight rates cause all the difference in our prices down here, but it doesn't work both ways. Where we pay no freight rates, we pay the same prices.

THE CHAIRMAN: Is there anything else you would like to tell us while you are here?

MRS. MANOLOPOULOS: Well, I would just like to say I wish the Commission success with this venture that they are on. I know the headaches they are up against. We would like to see what we can do about it, and pass the word back.

THE CHAIRMAN: Thank you very much Mrs. Manolopoulos and ladies. We are grateful to you for being here. We will now adjourn and open in St. John's, Newfoundland, we hope, tomorrow morning.

The Commission adjourned at 4.30 p.m.

Henry Walton



ROYAL COMMISSION

ON

PRICE SPREADS OF FOOD PRODUCTS

HEARINGS

HELD AT

ST. JOHN'S

NFLD.

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ROYAL COMMISSION ON PRICE SPREADS
OF FOOD PRODUCTS

Proceedings before the Royal Com-
mission on Price Spreads of Food
Products commencing at 10:00 a.m.
Saturday, May 3rd, 1958 at
St. John's, Newfoundland

CHAIRMAN:

Dr. Andrew Stewart

COMMISSIONERS:

Mrs. Dorothy Walton
Mr. J. Howard MacKichan
Mr. Romeo Martin
Mr. W. Malcolm Drummond
Mr. Cleve Kidd
Mr. Bernard Couvrette

Secretary John A. Dawson

Assistant Secretary A. A. Caron



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Mr. Alex Bannister	
Mr. Cyril Strong	
Mr. Phil Oliver	

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1. The first part of the report is a general
description of the project and its objectives.
2. The second part is a detailed description of the
methodology used in the study.
3. The third part is a description of the results
of the study.
4. The fourth part is a discussion of the results
and their implications.
5. The fifth part is a conclusion and a list of
references.



Appearances: Mr. P. J. Murray, The Deputy Minister
of Mines and Resources.

Mr. Arthur Johnson, The Deputy Minister
of the Department of Economic
Development.

THE CHAIRMAN: We will now open the hearings
of the Royal Commission on price spreads of food products
here in Newfoundland. I might say we are very happy
to be here and have looked forward to the information
we might get here. I think I should again read the
specific terms of reference of the Commission so that
we will all know.

This Commission is appointed for the following
purposes:

(a) Inquire into the extent and the
causes of the spread between the prices
received by producers of food products of
agricultural and fisheries origin and the
prices paid by consumers therefor;

(b) determine whether or not such
price spreads in general or in particular
cases are fair and reasonable, or are ex-
cessive, in relation to the services
rendered;

(c) make such recommendations as they
deem appropriate if any such price spreads
are found to be excessive; and



(d) examine the adequacy of price information currently available.

We have with us this morning Mr. P. J. Murray the Deputy Minister of Mines and Resources and he is accompanied by Mr. Arthur Johnson the Deputy Minister of the Department of Economic Development. We understand you gentlemen do not have a formally written statement to make but we will be glad to hear anything you have to say to us. We may be asking some questions after you are finished.

MR. MURRAY: I was just going to tell you that I had a number of lists of wholesale and retail products in St. John's dated March 19 which I had some difficulty getting this morning and it was delivered to me just now and I would pass this along to you. This covers meats, a few vegetable products, poultry products and dairy products. If you will just pass these around.

THE CHAIRMAN: These are wholesale and retail prices for certain food?

MR. MURRAY: That is right, they are prices of the chief wholesale houses in St. John's and some of the bigger better known retail stores. I have not too much comment to make on that, you can see yourself where they stand.

THE CHAIRMAN: It may be any information you can give us will be helpful to us to get the picture, the background before you make any reference to marketing. Have you any additional material on this? I will start



with the milk one, you understand in our hearings one of our objectives is to get some understanding of the local situation and questions that we may ask may not have too much relationship to our particular functions but it will all help us to grasp the problem. This one has to do with milk and I gather that the raw milk delivered to city dairies is at 95 cents per gallon, bottled by the quart the wholesale price is 28 cents and the retail price 30 cents. That is for raw milk. If the milk is pasteurized it is 30 cents and 32 cents and if it is delivered in cartons it is 3 cents more. Does the Island produce sufficient quantities of raw fluid milk for consumption?

MR. MURRAY: No, not nearly enough. By the way, I meant to say there has been a very exhaustive analysis of the milk situation made by the Royal Commission on of Agriculture/which Mr. Drummond was a member and I have a single copy of the report here which I can pass on to the Commission and I can supply you with extra copies.

THE CHAIRMAN: We would be very grateful if you could provide each of the Commissioners with a copy.

MR. MURRAY: Yes, I think you will find in this report a very excellent analysis of the facts affecting a good many of these milk and fruit and vegetable products here in Newfoundland. The answer to your question is that now we only produce a very small fraction of the milk, I am not sure what the production here is in St.



John's, it is the only community adequately provided with fresh milk and outside the amount is quite small if you take it on a per capita basis, something like 8,000 quarts a day for a population of 50,000 or 60,000 people.

THE CHAIRMAN: Is there any fluid milk brought into the province?

MR. MURRAY: There is some brought in to the western part of the province at Stephenville and some reaches as far as Cornerbrook, produced in Nova Scotia.

THE CHAIRMAN: How is it brought in?

MR. MURRAY: I believe it is brought in in five gallon cans and bottled and pasteurized at Stephenville.

THE CHAIRMAN: Brought in by boat?

MR. MURRAY: It comes across on the ferry and then by train.

THE CHAIRMAN: In most of the other areas where we have had evidence on milk there has been some form of regulation of price through Public Utilities Commission, Milk Marketing Boards or something of that kind. Do you have that type of legislation?

MR. MURRAY: No, there is no price in Newfoundland, the price is in fact very effectively controlled by an arrangement between the producers. The major distributor here is a producer-owned dairy and they do an effective job of controlling the price.

THE CHAIRMAN: The producer is the distributor.

MR. MURRAY: Yes.



THE CHAIRMAN: Most of the milk then is sold from door to door?

MR. MURRAY: Well, not so much, I think there is an increasing tendency to buy through stores and supermarkets and so on.

THE CHAIRMAN: Is there any differential in the price door to door?

MR. MURRAY: Actually milk sold to the stores is sold in these cardboard containers and these containers cost almost 4 cents each, the quart container.

THE CHAIRMAN: The evidence we have is that this is a rather costly method, costlier than the bottle?

MR. MURRAY: Yes.

THE CHAIRMAN: These prices are, of course, relatively high compared to other provinces.

MR. MURRAY: No doubt of it.

THE CHAIRMAN: I presume the cost of producing milk here is quite high?

MR. MURRAY: It is.

THE CHAIRMAN: Most of it has to be brought in?

MR. MURRAY: Yes, the amount of land available for support of dairy cattle is pretty limited and, of course, the short pasture season makes it very expensive to produce. As a matter of fact, I think fluid milk is largely regarded as a luxury product.

COMMISSIONER WALTON: Is it powdered or canned?

MR. MURRAY: Canned is the big source of milk here.



"B"
M.R.

THE CHAIRMAN: Is there any powdered milk used?

MR. MURRAY: Some. I don't think it is too popular. Canned milk is the popular sort of milk, infant feeding and so on. I think a great many people probably are into cheese, great many people just want the nutritional requirements of milk such as for cheese and canned milk.

THE CHAIRMAN: Is there any milk actually sold by the producer to other distributors?

MR. MURRAY: There are two distributors in St. John's at the present time, two processors. There is a relatively small amount then sold directly by the farmer from door to door. That is an expensive way to sell it.

THE CHAIRMAN: What price would prevail for the milk sold by the farm producer to the processor and distributed? Do you know the level of price?

MR. MAY: It is pretty well fixed at \$9.00 a hundred.

THE CHAIRMAN: Then the price at which milk is sold after processing is added to the wholesale and retail price?

MR. MURRAY: Yes.'

COMMISSIONER DRUMMOND: Since we are interested in this matter of spreads, to me it is very significant there appears to have been virtually no change in the price at either end and therefore in the spread in the last three years?

MR. MURRAY: No. As a matter of fact, on the question of spreads I believe you will find that the two



distributors here seem to me, I haven't studied the thing very carefully, but I think that you will find that their charges are not much higher than you would get in any city or area. It seems to me if you make a comparison with all milk prices in Toronto or Montreal among the distributors' prices, the distributors here I believe have a very narrow margin.

THE CHAIRMAN: This margin being \$9.00 per hundred.

MR. MURRAY: That is the producer, \$9.00. I don't think it is a great deal higher is it?

COMMISSIONER DRUMMOND: Would you say that it would be considerably narrower were it not for the fact that the per capita consumption is so small?

MR. MURRAY: That is right.

COMMISSIONER DRUMMOND: Therefore the density of distribution is low?

MR. MURRAY: That is right. That is the real difficulty in say the Cornerbrook area, the small deliveries and then the wide area it covers, it is very expensive.

COMMISSIONER DRUMMOND: Besides the topography of the market area.

MR. MURRAY: Yes.

THE CHAIRMAN: What about the other dairy products? Is there a reference to them on any of these sheets?

MR. MURRAY: I don't recall. Mr. Johnson I believe has a complete list there of other dairy products. Cheese.



MR. JOHNSON: Yes, cheese is one.

THE CHAIRMAN: What about cheese Mr. Johnson?

MR. JOHNSON: These are not my figures. I am not too familiar with them. They are the Provincial Economist's figures.

THE CHAIRMAN: Mr. Murray I understand that there was an exhaustive study of the cost of living in Newfoundland recently?

MR. MURRAY: Well I think that was about --

COMMISSIONER DRUMMOND: 1949, 1950.

MR. MURRAY: About ten years ago.

MR. JOHNSON: 1950. That is a very valuable document. We got a lot of information from it.

THE CHAIRMAN: Is it available?

MR. JOHNSON: Yes. I have enough copies here.

THE CHAIRMAN: Would it be possible to leave copies with us?

MR. JOHNSON: You already have them sir. Getting back now to our Canadian Cheddar Cheese Medium 58.3 cents.

THE CHAIRMAN: What price is that, retail?

MR. JOHNSON: That is retail price, yes. The origin in there is Toronto and Montreal.

COMMISSIONER DRUMMOND: It would be correct to say Mr. Johnson, would it not, that all cheese and all butter practically consumed here is imported?

MR. JOHNSON: Yes, all imported. No cheese and no butter is manufactured.

THE CHAIRMAN: Have you got a recent butter price?



MR. JOHNSON: No, I haven't that.

THE CHAIRMAN: You manufacture margarine in this province don't you?

MR. JOHNSON: Yes.

THE CHAIRMAN: Have you a margarine price?

MR. JOHNSON: Yes sir, we have that, 33.3.

THE CHAIRMAN: These are retail prices at what date?

MR. JOHNSON: Retail price, this is 1957.

THE CHAIRMAN: Average price?

MR. JOHNSON: Yes. These are D.B.S. figures.

THE CHAIRMAN: You have no corresponding wholesale price?

MR. JOHNSON: No.

MR. MURRAY: In some of these papers I have in here there is one on dairy products, butter.

THE CHAIRMAN: I have not got that sheet. I have sheet numbers 2, 4, 6, 7, and 8. There are no dairy products.

MR. MURRAY: I thought I had some dairy products.

COMMISSIONER DRUMMOND: I wonder if you could tell us a little about the situation in regard to re-constitution of milk, if there is any operations to re-constitute milk?

MR. MURRAY: Compared to, in recent years I think that the dairy at Glen Falls in the Cornerbrook area still continued with some reconstituted milk, which I am not too sure of this. They are selling at the same price as



whole milk. Just changed the thing and the public seems to accept the situation pretty well.

As far as I know there has been no reconstituted milk sold here in St. John's. I think that if it were the Producers Dairy probably would put it out themselves and our feeling at the time of looking into this thing was it would pretty well sell at the same price as the whole milk.

THE CHAIRMAN: We discovered in the Province of Saskatchewan that when they ran short of the fluid milk, and they did in some areas at certain times, the Board which controls the situation approves the use of reconstituted milk and the consumer in Regina told me that they like it just as well as the whole milk.

MR. MURRAY: Yes, I think there is no doubt about it reconstituted milk is the product which would sell equally as well. The people at Glen Falls and at Cornerbrook who used it don't seem to make too much fuss about the difference between it and the fresh milk.

COMMISSIONER DRUMMOND: The population of the City has been going up steadily?

MR. MURRAY: Yes.

COMMISSIONER DRUMMOND: The production of fluid milk has been remaining pretty stationary?

MR. MURRAY: Pretty well steady.

COMMISSIONER DRUMMOND: Which would indicate that you have the same amount of milk for more people and therefore less consumption by person on the average.

MR. MURRAY: That would be it, I suppose, or



probably another way of putting it the same people are using fresh milk who were always having the other.

THE CHAIRMAN: May I come back to the cheese and butter. What is the organization of the retail grocery business in St. John's? Are any of the national chain stores operating?

MR. MURRAY; No, no national chain stores here. The biggest grocery dealers are Ayres Supermarket. There is virtually no competition in that field. A number of smaller family grocers and neighbour grocery stores, and so on. The Ayres Organization has three major supermarkets here in the City. They have the bulk of the business.

THE CHAIRMAN: Are they an independent retail outfit?

MR. MURRAY: Yes.

MRS. WALTON: Any co-operative retail dealers?

MR. MURRAY: Not in St. John's. There is at Gander, Glen Falls and Cornerbrook. The retail consumers co-operative here in St. John's which went back for a number of years folded about seven or eight years ago, never really got on its feet. As a matter of fact, a number of small grocery stores that climbed fairly rapidly from the time the Ayres Supermarket Organization came to be.

A number of people interested in the co-operative movement talked from time to time about revising the Retail Consumers Co-operative, and I believe that might be done. I believe they feel that if they had that they



would have to make some provision for financing a modern supermarket building if co-operative, consumers co-operative is to work here in St. John's again. What their opportunities are for raising sufficient capital to put up a modern building I don't know. That is a problem for the co-operative movement -- whether they can draw on co-operative capital for that.

COMMISSIONER DRUMMOND: Ayres has two supermarkets here?

MR. MURRAY: Three stores, and then there are Duffs, Bowerings, relatively small.

COMMISSIONER DRUMMOND: What is the Cornerbrook situation?

MR. MURRAY: Cornerbrook's situation is you have one of the biggest departments, retail places there and I understand now that the Cornerbrook Co-operative is initiating a wholesale co-operative service which will service some of the other co-operatives around the country, such as the one in Glen Falls. Just started working on that now. Probably bring stuff in as far as Cornerbrook then break down their cars there.

THE CHAIRMAN: You said that the bulk of the cheese and butter is brought in from outside. What wholesale firms are involved in the -- I shouldn't use the word import since it is Canada.

MR. MURRAY: Well a number of people in this business, Canada Packers and Swifts and a number of well-known Canadian Packing Houses handle cheese and butter. There are



a number of smaller wholesalers, and so on. Been in business here for quite some time handle some of these products.

THE CHAIRMAN: You say Swifts, Canada Packers, who handles the movement of their product in here? Do they ship it in themselves and to whom? Directly to the retailers or to some wholesaler?

MR. MURRAY: Direct into their own distributor since they have one at St. John's and one at Cornerbrook.

THE CHAIRMAN: They wholesale themselves?

MR. MURRAY: Wholesale themselves here. They are not only dealing in their own products but they handle practically right across the board everything, canned fruit, vegetables and flowers, dried fruits. Practically a complete line of wholesale groceries. Certainly all Canada Packers, I don't know if Swifts are covering as wide a field as Canada Packers.

THE CHAIRMAN: Are there any local wholesalers who are buying from the mainland?

MR. MURRAY: Oh yes, there is a number. Quite a number of these.

THE CHAIRMAN: In the produce field?

MR. MURRAY: Yes, there is a dozen or more relatively important firms.

THE CHAIRMAN: Who might be the largest?

MR. MURRAY: Ayres was the largest, Louisbourg Wholesalers, McNamaras and Eatons here in St. John's. These are the firms that are in that business for probably a



hundred years or more I suppose some of them.

THE CHAIRMAN: Are there any other questions on the dairy products? Now another sheet here deals with poultry.

COMMISSIONER DRUMMOND: Did we ask about the price of margarine? Is that on the sheet there?

MR. MURRAY: Yes.

COMMISSIONER WALTON: Do Canada Packers and Swifts do any processing?

MR. MURRAY: No, they bring margarine in. The margarine which is processed is done by ~~L~~ever.

COMMISSIONER WALTON: For the whole province?

MR. MURRAY: No, they are in competition with Canada Packers with respect to their plants on the mainland.

COMMISSIONER DRUMMOND: In respect to ice cream, while we are dealing with dairy products, that is one commodity that is almost completely done by a single firm for the whole province?

MR. MURRAY: Yes.

THE CHAIRMAN: What is their source of meat?

MR. MURRAY: They bring their meats from Nova Scotia.

THE CHAIRMAN: The St. John's Packing House Document said all retail stores have a retail mark-up of from 5 to 10 cents per pound. How about the local production of eggs and poultry?

MR. MURRAY: It is growing fairly rapidly. I wouldn't be able to venture what proportion of the stuff



is produced locally, but it is certainly an increasing proportion, both poultry meat as well as eggs. It is favoured in the market. People prefer that local product and will pay considerably more for it.

THE CHAIRMAN: Why should they pay more for it?

MR. MURRAY: The quality.

THE CHAIRMAN: But there is very definitely a preference for the local product?

MR. MURRAY: Oh very much so.

COMMISSIONER DRUMMOND: Is the price differential between the imported and local narrowing?

MR. MURRAY: It is narrowing a little, but for instance, local eggs still command very considerable margin over imported eggs, even eggs which are produced in Nova Scotia and which can be delivered here in a matter of three or four days. As a result of handling and storing and shipping and so on, the quality is not nearly as good so consumers prefer to pay considerably more for the locally produced product.

I think because of the danger of handling perishable products in this province the consumer is prepared to pay very much more for something like locally produced eggs where the quality is so pronounced.

THE CHAIRMAN: Let us take the local producers of poultry and eggs, how do they market their product, directly to the retailer?

MR. MURRAY: Some of them directly to the retailer although there is a growing tendency to work it



through the registered egg packing stations where they grade the eggs and they are packaged and they are wholesaled from there.

THE CHAIRMAN: Could you give us any price quotations at the producers level, the grading plant level?

MR. MURRAY: Well, I believe you will see on the sheets I have given you how things stood on March 19.

THE CHAIRMAN: There seem to be some sheets missing, I have no egg sheets.

MR. MURRAY: I thought they were there.

THE CHAIRMAN: I have sheets numbered 2, 4, 6, 7 and 8 and ~~the sheets dealing with~~ butter and eggs are not here.

MR. MURRAY; Are you sure they are not around because I had them last evening.

THE CHAIRMAN: well, in any event, that is a sheet we will get.

MR. MURRAY: Yes.

THE CHAIRMAN: It does have that information?

MR. MURRAY: Yes, it does.

THE CHAIRMAN: And I presume that the main importers are Canada Packers?

MR. MURRAY: Yes.

COMMISSIONER WALTON: These egg grading stations, are they government stations or privately owned?

MR. MURRAY: Privately owned under government control.



THE CHAIRMAN: I beg your pardon that information is on page 6, all local eggs have a retail mark-up of between 10 cents and 15 cents per dozen. I think that is the information we want.

COMMISSIONER DRUMMOND: That is the retail mark-up. These prices are eggs that are listed on this sheet, those are the annual average prices for St. John's and I suppose there would be quite a variation from season to season?

MR. MURRAY: Not so much in the local eggs. At one time there was a fixed price like the milk but in recent years the local egg prices are fluctuating somewhat but not through the same range. Imported eggs vary pretty well the same as you will get right through the Canadian market.

COMMISSIONER DRUMMOND: So that the differential between the mainland price and the price charged here for the imported eggs and the mainland eggs and the local eggs would vary considerably.

MR. MURRAY: Yes.

COMMISSIONER DRUMMOND: The local ones tend to stay constant, the imported ones tend to vary.

MR. MURRAY: Yes.

THE CHAIRMAN: We will accept these as an exhibit and have them recorded in the record.

EXHIBIT NO. 46: Testimony of Mr. T. J. Murray, Deputy Minister Department of Mines and Resources.

EXHIBIT NO. 46A: Statements of retail prices of food products.



THE CHAIRMAN: The next sheets deal with beef prices, wholesale and retail and I take it that most of your beef is imported.

MR. MURRAY: Yes, I would say probably ninety per cent is imported.

THE CHAIRMAN: And the same with pork?

MR. MURRAY: Yes, all meat products except lamb there is still a quantity of lamb produced here.

THE CHAIRMAN: Again the importers would be the packing houses?

MR. MURRAY: Yes, the packing houses. As a matter of fact, the meat is held almost exclusively by the big national packing houses.

COMMISSIONER DRUMMOND: The Commission might be interested to hear why beef happens to come from the United States, also pork.

MR. MURRAY: Salt beef, there is still quite a bit of salt beef used in Newfoundland and I think the people favour as a matter of supply, the price is probably involved too but they still favour the American beef.

COMMISSIONER DRUMMOND: That is produced in the mid west, is it not?

MR. MURRAY: Yes.

THE CHAIRMAN: How is the retailing of meat handled, do the supermarkets handle meat?

MR. MURRAY: They handle an increasing quantity. I would think that up to the time the supermarkets got into the business here just a few years ago beef was handled



almost exclusively by butchers, retail butchers who specialized in meat handling only and they still retain their large share of the business too. Now, it seems to me there are not too many new butchers getting into the business but the old ones have held onto their trade fairly well. There is some prepackaging done through the grocery stores, prepackaged meats.

COMMISSIONER MACKICHAN: Is there still live cattle coming in and being butchered here?

MR. MURRAY: Yes, there is a considerable quantity. I am not too sure what that figure is but we can get it for you. There are several thousand head of cattle every year brought in from Prince Edward Island and some from Nova Scotia brought in live and slaughtered here. They are usually slaughtered by the retail butchers or one or two fellows who make a speciality of slaughtering. We have not the usual slaughtering plants here it is just a small killing floor but there is a definite increase in freshly killed beef, very much so over the frozen and as a result of that there is quite a volume of cattle brought in live. I think the freight situation affects that too, you pay about \$22.00 a head for live cattle from Charlotte-
a
town and for/frozen product it is about 3 cents a pound. How these prices stack up freight-wise I don't know.

COMMISSIONER MACKICHAN: Is there any live lamb?

MR. MURRAY: Just beef.

COMMISSIONER DRUMMOND: You do bring in pigs still?

MR. MURRAY: Yes, a few small farmers raise an



occasional pig but we get most of it from Prince Edward Island.

THE CHAIRMAN: The last sheet I have, the one with the elusive eggs also cover the vegetables retail and wholesale, these are fresh vegetables you are referring to here and I suppose they are handled by the same merchandising organization?

MR. MURRAY: Yes.

THE CHAIRMAN: Canned vegetables?

MR. MURRAY: Also the same. Locally produced vegetables are more popular when they are available, probably their freshness, that is one of the real difficulties in handling fruit and vegetables, the long shipping and the handling arrangements where there is a very real cost involved and spoilage makes for a very serious loss of quality. Another difficulty is the matter of local shipment, you know how high L.C.L. rates run and it is because of the transportation arrangements in Newfoundland. We have not a very well developed road system at the present time so we cannot fall back on trucking and the high L.C.L. rates impose a real hardship and a handicap on local producers of fruits and vegetables. Just a few days ago I saw a case of seed potatoes about the same thing would apply to a food product, one dealer wanted three hundred bags of potatoes and he could get a lot from Halifax to Charlottetown to buy it. The same product available on the west coast of Newfoundland, he would have to take four hundred bags for shipment and he just did not want



four hundred bags so consequently the local producer had to drop out of the scene. To ship L.C.L. is just out of this world. The same applies even when it is brought out by water to St. John's or Cornerbrook, it is a very high cost and there is loss of quality and so on in all the products and there is no good storage or handling along the route.

COMMISSIONER MACKICHAN: Each day brings new surprises by way of information to the Commission and to me turnips and cabbage, not so much carrots we find Toronto and Boston are the sources of origin.

MR. MURRAY: Yes. There was something about fish that was mentioned in the paper this morning that was a surprise too.

THE CHAIRMAN: The cabbages do not go from St. John's to Boston and back again.

MR. MURRAY: No, I do not think so. At that time of year I think you will find a lot of places are using American stuff from Boston or some other place.

THE CHAIRMAN: Every province is doing that.

MR. MURRAY: Texas and Florida stuff coming in too.

COMMISSIONER MACKICHAN: This is not a picture of a yearly average?

MR. MURRAY: This is August to September, turnips and cabbages and all kinds of vegetables from local production and as the season advances the stuff comes from Nova Scotia and Prince Edward Island and probably



ending up with something coming from the central provinces and then the American stuff.

COMMISSIONER DRUMMOND: There is one general question that applies to food products generally: it seems to me you have partly explained the situation but I think the Commission is concerned with the difference in the prices here as compared with inland prices and if you look at the sheet, generally speaking, regardless of which year you are thinking of the St. John's prices are definitely above those of the rest of Canada.

MR. MURRAY: I think there is no doubt about it.

COMMISSIONER MACKICHAN: There has been some competition as to that between British Columbia and some other places which enjoy the higher prices in Canada.

MR. MURRAY: There is no doubt about it we are bringing in the major portion of our food products and the matter of transportation is a real problem, methods of transportation, the re-shipping at Sydney and there is a lot of breakage and spoilage. Take, for instance, in the matter of eggs, eggs arrive from Halifax and by the time they reach here and the grading inspectors go through them they will not stand up to grade, not due to freshness but the shaking around of the egg has changed the structure of it. There is no temperature control and the onions get mixed up with eggs and oranges and bilge water is all mixed in with it and then there is no proper temperature storage so these things all add up. We know there must



be some cost but rates are high.

COMMISSIONER DRUMMOND: And the margin taken here is a margin on the landed price.

MR. MURRAY: Yes so for perishable products it is a real problem not only price-wise but quality-wise.

THE CHAIRMAN: The other side of it is the high cost of producing locally.

MR. MURRAY: Well, that is something -- there are some products in which we are moving towards producing more of, poultry and egg products. As long as the transportation costs stay so high I think we will be producing more of our egg and poultry products. It is not the same when we come to dairy products where land is rough and stoney and of course the climate comes into that as well.

COMMISSIONER MACKICHAN: How does the western grain come in here?

MR. MURRAY: There is another difficulty because of the shipping arrangements, the breakdown of shipment.

COMMISSIONER MACKICHAN: It is --

MR. MURRAY: Of course, there is some price rise because of the fact you cannot bring cars through.

COMMISSIONER MACKICHAN: Would the St. Lawrence Seaway have an effect on that?

MR. MURRAY: Not until we can get storage on the Island.

COMMISSIONER MACKICHAN: You still have local trans-shipment involved in that?



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

- 2206 -
Mr. Murray

MR. MURRAY: Yes.

COMMISSIONER DRUMMOND: I think we might be interested in knowing the extent to which your vegetables are marketed direct to the retailer in this area.

MR. MURRAY: Well, here in St. John's those on farms who produce vegetables attempt to sell directly to the retail trade and that is what is generally done. They get whatever they can from the retail trade. This is not too satisfactory an arrangement but they like to get all they can for their products. It is difficult for them with the present railroad transportation arrangements, the rates are a very real handicap and there is just no competition from the trucking people to take up the difference.

EXHIBIT NO. 46B: Annual average prices, St. John's, Newfoundland on various commodities.

EXHIBIT NO. 46C: Relative prices of various commodities.

EXHIBIT NO. 46D: Freight rates on various commodities.

"D"
M.R.

THE CHAIRMAN: Mr. Murray you have not said anything about fish retail prices yet.

MR. MURRAY: Well I don't know too much about fish. I am not familiar with the fish business.

THE CHAIRMAN: I will ask somebody else about fish.

COMMISSIONER DRUMMOND: Perhaps you would say





just a word in regards to price levels in the outport settlements as compared to those in the larger settlements.

MR. MURRAY: There is no doubt about it the further you get from your long distribution chain, and since that is pretty well an inefficient system the worst quality. So much so, for instance, that in a large number of small centres fresh beef would not be available at all times, in winter in the cold months, refrigeration, and so on, and also some kinds of vegetables. The further you go from the distribution centres the harder it is.

COMMISSIONER KIDD: We have had in a number of places the annual consumption of various products. I wonder if we may have the meat consumption per capita in Newfoundland and the fish consumption.

MR. MURRAY: We can get that for you. Those figures we have are from the Dominion Bureau of Statistics, but we have picked them out ourselves. Probably might be of some help to you. Probably might be able to give you some idea.

THE CHAIRMAN: If they are D.B.S. figures we can get them.

COMMISSIONER KIDD: Yes, we can get them.

MR. MURRAY: We can get them ourselves if they are any help or benefit to you. I think we probably could arrange to supply you with some copies of this.

THE CHAIRMAN: We are very grateful for the prices which you have given us, which are very helpful and also the opportunity that we have had to talk to you



- 2208 -
Mr. Murray

about the economizm of the producers here. We will have to interpret these figures accurately, so I would like to thank both you and Mr. Johnson. Is there anything else you would like to say?

MR. MURRAY: No, I don't think there is anything else which I have.

MR. JOHNSON: I have a couple of figures here you might like to add in with those you already have. I am sorry I just have two copies. I didn't know how much you would be interested. These are the price relatives which tell the story. We took the other D.B.S. figures and mucked around with them.

THE CHAIRMAN: I see they are prepared by Mr. Gundry.

COMMISSIONER DRUMMOND: Did you say that the number of retail stores is going down in St. John's?

MR. MURRAY: Certainly not increasing. I would say it was going down.

MR. JOHNSON: I would say so.

COMMISSIONER DRUMMOND: Larger percentage of the total business going to Ayres?

MR. MURRAY: Yes.

MR. JOHNSON: This is another one here. This is on freight if you would be interested. I might say I just have four copies but it shows you how much freight occurs in the percentage of retail selling prices. It is quite a factor.

THE CHAIRMAN: Yes, this will be quite helpful



to us.

MR. JOHNSON: That is the Maritimes Transportation figure.

THE CHAIRMAN: Forgive my ignorance, but what is A.Q.?

MR. JOHNSON: That is just what I was wondering. It means average economy.

THE CHAIRMAN: It probably does.

MR. JOHNSON: The big trouble here is of course transportation, both as to cost and as to service. Terrible. Not very much we can do about it. The only competition the railways get is from the steamships running between Montreal and Toronto and here, and they are difficult because they have only one way cargo.. Very little to ship back. So it is a costly operation.

MR. MURRAY: And handling and storage.

MR. JOHNSON: It is a large percentage of our trouble.

THE CHAIRMAN: Well I would like to thank both of you. It may be that after we have had time to study these that there are some gaps or something else we would like to know. May we have the opportunity of writing you?

MR. MURRAY: We will be very glad to supply you with anything.

MR. JOHNSON: It might be of interest, freight rates here have doubled since 1947.

THE CHAIRMAN: That is generally true.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

EXHIBIT NO. 46A: (2)

- 2210 -

RETAIL PRICES OF BEEF

Sirloin Steak	\$0.99 per lb.
Sirloin Roast	0.99 per lb.
Round Steak	0.90 per lb.
Rib Roast Standing	0.79 per lb.
Short Rib	0.75 per lb.
Chuck Roast	0.59 per lb.
Chuck Steak	0.59 per lb.
Rib Stewing	0.42 per lb.
Hamburger & Mince Meat	0.55 per lb.
Local Liver	0.89 per lb. Imp. \$0.45 lb

PORK

All shoulder cuts	\$0.59 per lb.
All Pork Chops	0.79 - \$1.00 per lb.
Leg	0.79 per lb.
Cuts of Veal average	0.78 per lb.



Exhibit No. 46A (4)

BEEF WHOLESALE

Wholesale prices at St. John's Packing Houses as
of March 19th. 1958:

Plain Steer, full carcass	\$0.44 per lb.
Plain Steer, hind quarter	\$0.52. per lb.
Plain Steer, front quarter	\$0.38 per lb.
Fair Steer, full carcass	\$0.45 per lb.
Fair Steer, hind quarter	\$0.53 per lb.
Fair Steer, front quarter	\$0.39 per lb.
Good Cow, full carcass	\$0.38 per lb.
Good Cow, hind quarter	\$0.43 per lb.
Good Cow, front Quarter	\$0.36 per lb.
All Beef Liver	\$0.35 per lb.

PORK

Head on.....	\$0.44 per lb.
Loins.....	\$0.62 per lb.
Hams.....	\$0.59 per lb.
Shoulders.....	\$0.51 per lb.
Butts.....	\$0.58 per lb.
Lamb all sold by the carcass	\$0.45 per lb.
Veal sold by the carcass	
Good.....	\$0.48 per lb.
Fair.....	\$0.44 per lb.



Exhibit No. 46A (6)

VEGETABLES WHOLESALE

Potatoes	\$3.00 - \$3.40 per 75 lb. bag
Turnips	\$2.20 per 50 lb. bag
Cabbage	\$5.20 per 50 lb. bag
Carrots	\$4.65 per 50 lb. bag
Carrots	\$6.45 per 48 20 oz. pks.

VEGETABLES RETAIL

Potatoes	\$0.64 per 10 lb. bag
Turnips	\$0.07 per lb.
Cabbage	\$0.18 per lb.
Carrots	\$0.13 per lb. (loose)
Carrots	\$0.19 per lb pks.
Parsnips	\$0.15 per lb. (Loose)
Parsnips	\$0.39 per lb. pks.

IMPORTED EGGS (Retail)

Grade A Large	\$0.63 per doz. by case
	\$0.67 per carton
Grade A. Medium	\$0.60 per doz. by case
	\$0.64 per doz. in carton

LOCAL EGGS

Grade A. Large \$0.80 - \$0.85 per doz. carton
Grade A. Medium \$0.70 - \$0.75 per doz. carton
All local eggs have a retail mark up to between
10 cents and 15 cents per dozen. Very few stores
have less as a special all imported price ranges
from 10 to 20 cent mark up, with the exception of
weekend specials.



Exhibit No. 46A (7)

- 2213 -

POULTRY WHOLESALE

Poultry prices as of March 19th, 1958, at St.

John's Packing Houses:

Turkey (eviscerated) under 16 lbs.	\$0.70 per lb.
over 16 lbs.	\$0.60 per lb.
Turkey (ordinary) 12 to 18 lbs.	\$0.61 per lb.
18 lbs. & up	\$0.52 per lb.
Turkey Broilers	\$0.72 per lb.
Chicken (eviscerated) 4 to 6 lbs.	\$0.65 per lb.
3 to 4 lbs.	\$0.58 per lb.
Chicken (ordinary) 6 lbs. & up	\$0.50 per lb.
6 lbs. & under	\$0.48 per lb.
Fowl (Ontario) 3½ lbs. & up	\$0.51 per lb.
(eviscerated) 3 lbs. to 3½	\$0.47 per lb.
Nova Scotia (eviscerated)	\$0.56 per lb.
Ordinary Fowl	\$0.39 per lb.
Broilers (eviscerated) 1½ to 2 lbs.	\$0.55 per lb.
2 to 3 lbs.	\$0.50 per lb.
3 to 4 lbs.	\$0.56 per lb.

All retail stores have a retail mark up of from 5 to 10 cents per pound on all poultry with the exception of some putting on specials at near cost price.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

- 2214 -

Exhibit No. 46A (8)

M I L K

Raw milk delivered to city dairies at 95 cents
per gallon.

Raw milk delivered in bottles:

Wholesale - 28 cents per quart

Retail - 30 cents per quart

Pasteurized milk:

Wholesale - 30 cents per quart

Retail - 32 cents per quart

Most dairies charge an extra 3 cents for
milk delivered in cartons.

ANNUAL AVERAGE PRICES - ST. JOHN'S, NEWFOUNDLAND

BY PLACE OF ORIGIN OF COMMODITY

1954 - 1957

(SOURCE - PRICES - D. B. S. - ORIGIN - LOCAL TRADE)

COMMODITY	UNIT	ORIGIN	1954	1955	1956	1957
Milk, fresh	gal.	local	¢ 32.0	¢ 32.0	¢ 32.0	¢ 32.0
Milk, evaporated	16 oz. tin	Toronto	17.0	16.5	16.3	17.0
Cheese, Can. Cheddar. med.	lb.	Toronto, Montreal	53.5	53.9	55.5	58.3
Eggs, grade A, large	doz.	Toronto, Nova Scotia	75.2	82.2	85.7	79.3
Bread, white, sliced	24 oz. loaf	local	19.5	19.0	20.6	22.3
Flour, all purpose	7 lb. bag	Winnipeg, Port Colbourne	59.2	57.6	59.1	62.2
Rolled Oats	3 lb. bag	Winnipeg	46.9	47.4	47.2	48.0
Corn Flakes	8 oz. pkg.	London (Ont.) Peterborough	20.5	20.3	20.2	21.0
Beef, rib roast, standing	lb.	Toronto, Fredericton	78.5	78.9	78.5	78.7
Peef, frying	lb.	Toronto, Moncton	64.8	63.4	64.1	64.1
Beef, stewing, bone in	lb.	Toronto, Moncton	47.4	46.3	47.4	48.0
Beef, salt, trimmed	lb.	New York, Boston	35.1	34.9	34.5	38.4
Pork, salt, fat back	lb.	Detroit	44.8	38.7	36.6	39.4
Pork, spare ribs, back	lb.	Toronto, Detroit	70.1	71.2	71.3	75.4
Bologna	lb.	Toronto, Moncton	39.0	38.7	38.6	39.9
Cod, dried, light salted	lb.	local	18.7	18.7	18.8	19.8
Cod Fillets, frozen	lb.	local	25.8	25.7	26.6	28.0
Bacon, rind off	1/2 lb.	Toronto, Moncton, local	50.5	42.6	41.5	52.7
Sugar, granulated	5 lb. bag	Montreal, St. John (winter)	53.8	51.8	51.9	67.2
Tea, Orange Pekoe	1/2 lb. pkg	Montreal, St. John, Ceylon	64.3	73.9	72.7	73.3
Coffee, medium quality	1 lb. pkg	Montreal, Toronto	130.7	119.5	124.4	117.5
Margarine	1 lb. pkg	Toronto, local	32.3	32.0	31.7	31.8
Potatoes No. 1, table	gal.	P.E.I., local	27.0	35.5	37.0	32.3
Turnips	lb.	Toronto, Boston, local	6.4	6.9	7.4	7.3
Cabbage	lb.	Toronto, Boston, local	11.3	12.9	12.1	12.8
Carrots	lb.	Toronto, Boston, local	11.5	12.7	14.0	15.1



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

EXHIBIT 46 (b) continued

COMMODITY	UNIT	ORIGIN#	1954 ¢	1955 ¢	1956 ¢	1957 ¢
Onions, cooking	lb.	Toronto	9.9	10.6	11.6	12.2
Tomatoes, canned, choice	28 oz. tin	Toronto	27.9	30.5	32.3	35.3
Peas, canned, choice	20 oz. tin	Toronto	25.3	25.5	24.9	25.2
Beans with pork & tomato sauce	15 oz. tin	Toronto	21.4	21.7	22.6	22.5
Soup, Vegetable	10 oz. tin	Toronto	15.8	15.7	15.7	16.0
Oranges, California, medium	doz.	California	47.7	47.2	54.6	54.0
Apples, value seller	lb.	B.C., Ont., N.S.	18.5	18.9	18.3	18.9
Raisins, seedless	15 oz. pkg	California	26.0	25.7	26.2	27.7
Marmalade, Orange	lb. jar	Toronto, U.K.	25.3	24.5	25.2	27.0
Jam, Strawberry	lb.	Toronto, U.K.	28.8	28.2	28.9	31.4
Peaches, canned, choice	28 oz. tin	Toronto, U.S.	48.7	48.8	51.9	53.2

The importance of the places of origin are indicated by their order.

Prices based on local bacon only prior to January 1955.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

DOMINION BUREAU OF STATISTICS - PRICES SECTION

EXHIBIT 6(c)

ST. JOHN'S, NEWFOUNDLAND RETAIL FOOD PRICE RELATIVES 1952 - 1957 AND 1957 PRICES, ANNUAL AVERAGES

Commodity	Unit	Price Relatives					Price
		1952	1953	1954	1955	1957	
Milk, fresh, bottle	quart	110.3	110.3	110.3	110.3	110.3	32.0
Milk, evaporated	16 oz tin	101.9	97.6	97.0	94.2	97.2	17.0
Cheese, Canadian cheddar, medium	lb.	91.9	90.7	92.8	93.5	101.1	58.3
Eggs, grade A, large	dozen	95.9	107.4	90.9	99.3	95.8	79.3
Bread, plain, white, sliced	24 oz. loaf	106.2	108.2	112.2	112.2	131.6	22.3
Flour, all purpose	7 lb bag	99.5	99.7	97.7	95.1	97.5	62.2
Rollod oats, regular or quick	3 lb. pkg.	104.4	104.5	103.0	104.0	103.6	48.0
Corn Flakes	3 oz. pkg.	102.1	104.5	102.8	102.0	101.7	21.0
Beef, rib roast, standing	lb.	105.6	101.2	97.0	97.4	97.0	78.7
Beef, frying	lb.	101.6	95.7	92.6	90.6	91.6	64.1
Beef, stewing, bone in	lb.	100.9	92.2	85.3	83.3	85.4	48.0
Beef, salt, trimmed naval	lb.	86.9	63.7	73.2	72.8	72.0	38.4
Pork, salt, fat back	lb.	90.7	103.2	149.1	129.1	122.3	39.4
Pork, spare ribs, short cut, back	lb.	99.2	108.8	121.8	123.8	124.0	75.4
Bologna	lb.	95.9	78.8	78.2	77.6	77.3	39.9
Cod, herd, dried, light salted	lb.	116.8	121.7	117.1	117.0	118.0	19.8
Cod fillers, frozen pkg.	lb.	105.0	108.8	107.9	107.3	111.0	28.0
Bacon, rind off, local and main-land (1)	1/2 lb.	92.2	107.0	120.3	101.6	99.0	52.7
Sugar, granulated	5 lb. bag.	95.0	87.8	82.8	79.7	79.8	67.2
Tea, orange pekoe	1/2 lb. pkg.	102.4	104.0	108.4	124.6	122.6	73.3
Coffee, medium quality	1 lb. pkg.	102.2	108.1	119.9	109.7	114.1	117.5
Margarine	1 lb. pkg.	96.9	92.8	89.7	88.8	87.9	31.8
Potatoes, No.1 table	gal.	199.7	227.4	1133	247.4	1541	32.3
Turnips	lb.	96.4	96.1	99.2	106.8	114.1	7.3



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

EXHIBIT 46 (c) continued

Commodity	Unit	1952	1953	1954	1955	1956	1957
Cabbage	lb.	80.6	82.5	77.1	88.0	82.8	12.8
Carrots	lb.	101.3	98.9	97.4	107.5	118.4	15.1
Onions, cooking	lb.	124.0	110.1	96.9	104.7	114.5	12.2
Tomatoes, canned, choice	28 oz. tin.	132.1	124.3	108.3	118.4	125.4	35.3
Peas, canned, choice	20 oz. tin	112.1	120.1	120.6	121.1	118.7	25.2
Beans, with pork and tomatoe sauce	15 oz tin	106.8	109.6	112.2	114.1	118.8	22.5
Soup, vegetable	10 oz. tin	101.6	101.3	100.8	100.2	100.0	16.0
Oranges, California, medium size	doz.	95.5	93.2	98.1	97.0	112.3	54.0
Apples, volume seller (2)	lb.	100.9	109.6	118.3	121.0	117.0	18.9
Raisins, seedless, California	15 oz. pkg.	82.2	80.5	79.7	78.6	80.2	27.7
Marmalade, orange	1 lb. jar	102.2	102.1	102.4	99.2	102.0	27.0
Jam, strawberry, with pectin	1 lb.	101.0	97.3	92.4	90.4	92.7	31.4
Peaches, canned, choice	28 oz. tin	103.0	104.0	101.5	101.8	108.2	53.2

Mr. G. K. Gourdrey,
 Provincial Economist,
 Office of the Premier,
 St. John's, Newfoundland

(1) Based on price movement of local bacon prior to Jan. 1955.
 (2) Based on price movement of cooking apples prior to March 1956.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

EXHIBIT 46 (a)

Retail Selling
Price, St. John's
Nfld. Sept.
20/55

Water Freight
Charges per
Unit - Mtl.to
St. John's,
Nfld.

Freight charges
as % of Retail
Selling Price
at St. John's
Nfld.

Item

GROCERIES

Butter	1 lb.	.71	A.C.	.018	2.5%
Sugar	1 lb.	.10	A.Q.	.006	6.0%
Milk	6 - 16 oz tins	.87	A.Q.	.184	21.1%
Coffee	1 lb.	1.18	A..	.018	1.5%
Rice	1 lb.	.21	A.Q.	.013	6.2%
Pea Beans	1 lb.	.17	A.Q.	.010	5.9%
Flour	7 lb. bag	.55	A.Q.	.056	10.2%
Potatoes	1 lb.	.05	A.Q.	.010	20.0%
Carrots	1 lb.	.09	A..	.010	11.1%
Oranges	1 doz.	.69	A.Q.	.075	10.9%
Apples	3 lbs.	.26	A..	.055	21.1%
Tomatoes	2 - 28 oz. tins	.61	A.C.	.055	9.0%
Pickles	1 - 16 oz. tins	.40	A.Q.	.023	5.7%
Tomato Juice	2 - 20 oz. tins	.39	A.Q.	.040	10.2%
Peaches	1 - 15 oz. tin	.21	A..	.014	6.7%
Pears	1 - 20 oz. tin	.31	A.C.	.019	6.1%
Pork & Beans	2 - 20 oz. tins	.53	A.Q.	.040	7.5%
Spaghetti	2 - 15 oz. tins	.35	A.C.	.029	8.3%



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

EXHIBIT 46 (a) continued

- 2219A -

Retail Selling
Price, St. John's
Nfld. Sept.
20/55

Water Freight
Charges per
Unit - Mtl. to
St. John's,
Nfld.

Freight charges
as % of Retail
Selling Price at
St. John's,
Nfld.

MEATS

Ham-Maple Leaf	1 lb.	1.15	A. .	.025	2.2%
Bacon-Maple Leaf	1 lb.	.79	A.Q.	.025	3.2%
Chicken-Eviscerated	1 lb.	.90	A. .	.025	2.8%
Rib Roast	1 lb.	.81	A. .	.025	3.1%
Leg Lamb	1 lb.	.85	A.J.	.025	2.9%
Liver - Calf	1 lb.	1.15	A. .	.025	2.2%
Kidney - Beef	1 lb.	.33	A. .	.025	7.6%
Bologna	1 lb.	.38	A. .	.025	6.6%
Sliced Ham	1 lb.	1.19	A.Q.	.025	2.1%

FURNITURE

Washing Machine - G.E.MM61	145 lbs.	214.00	C.L.	2.16	1.01%
Refrigerator - G.E.JLB-98M	290 lbs.	374.95	C.L.	5.27	1.40%
Range - Spacemaker G.E.R3-42	216 lbs.	235.50	C.L.	3.92	1.66%
Radio - R.C.A.- Nipper -V	5 lb.	24.95	C.L.	.11	0.44%
Combination Radio R.C.A. VA-350	29 lbs.	139.50	C.L.	.67	0.48%



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EXHIBIT 46 (a) continued

Item	Retail Selling Price, St. John's Nfld. Sept. 20/55	Water Freight Charges per Unit - Mtl. to St. John's, Nfld.	Freight charges as % of Retail Selling Price at St. John's, Nfld.
<u>Furniture (continued)</u>			
T.V. Townsman R.C.A. Mahogany 21T165	88 lbs.	259 95	2.03
Toaster - Westinghouse TP-22		27.45	.11
Mattress - Simmons 4'6" Beautyrest	90 lbs.	89.50	1.63
Pillow - Simmons Beautyrest	4 lbs.	24.50	.11
<u>CLOTHING</u>			
Shoes - Womens - Hodges	1-1/2 lbs.	10.00	.03
Shoes - Mens Slater	3 lbs.	10.00	.07
Suits - Mens Society Brand	3-1/2 lbs.	50.00	.08
Dresses - Womens Mabelle	1 lb.	20.00	.02
<u>BUILDING MATERIALS</u>			
Asbestos Shingles - White Cedar Grain- 175 lbs. per Sq.		17.50	1.19
Asphalt Shingles - 210 lb. square		11.50	2.39
Donnacona Board 4' x 8' per M x 1/2" 690 lbs.		68.00	6.76



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- 2221 -
Mr. Murray

MR. JOHNSON: Of course, our trouble here is that we have no railroad at all. We have no competition, almost none, and as long as the Canadian policy is to pay for your freight by the mile and then whenever there is an increase lower it down to a percentage basis it will be a problem.

MR. MURRAY: There is quite a bit of doubling.

THE CHAIRMAN: I have heard all about this in the Province of Alberta. Thank you very much. We will now recess briefly and then we will hear the next brief.

---COME TO ORDER PLEASE:



BRIEF OF THE NEWFOUNDLAND FEDERATION OF LABOR

Appearances: Mr. Doyle M. Sharpe, President

Mr. Alex Bannister, Secretary-
treasurer.

Mr. Cyril Strong, International
Representative of the Can-
adian Labor Congress at
Newfoundland

Mr. Phil Oliver, Vice-president of
Newfoundland Federation of
Labor.

THE CHAIRMAN: The second submission is from
the Newfoundland Federation of Labor. We have with us
Mr. Sharpe. Would you like to introduce the others who
are with you to us?

MR. SHARPE: Mr. Chairman, members of the Royal
Commission sitting, I would like to express my sincere
thanks for having been afforded the opportunity to be
present this morning and to submit to you a brief.

First of all I would like to introduce to you
my colleagues. Sitting to my right is Mr. Cyril Strong,
International Representative of the Canadian Labor of
Congress of Newfoundland; Alex Bannister, Secretary-
treasurer of the Newfoundland Federation of Labor, and on
my left Mr. Phil Oliver, Vice-president of the Newfoundland
Federation of Labor.

THE CHAIRMAN: We are very pleased to have them
with you, and you have noticed our procedure that if they
want to take part in the discussion afterwards they have





an opportunity to do so.

May I express our thanks to you for getting your brief in in very good time so we had an opportunity to read it.

MR. SHARPE: Thank you very much Mr. Chairman. I would like my secretary-treasurer to make the submissions on the brief.

EXHIBIT NO. 47 - BRIEF OF THE NEWFOUNDLAND FEDERATION OF LABOUR

Mr. Chairman and Members of the Commission,

This Federation appreciates the opportunity afforded it to present to your Commission its views on certain aspects of the question of price spreads of food products. This Federation represents and speaks on behalf of the organized workers of this Province. In this respect, at least, we are very interested in the work of your Commission and look forward to the vindication of many of our expressed opinions in your final report on the causes of price spreads.

Our 1957 Convention decided that it would be in the best interests of our membership to pursue an investigation into the matter of fish prices because they affect one of the three basic industries of the Province. We consider this particular matter to be of such vital importance to the economy of the Province that we will confine the remarks of this submission to that question only. We shall endeavour, therefore, in this Memorandum to place before you some apparent facts concerning the fresh frozen fish industry as they relate to primary costs of pro-



duction and competitive prices. In doing so, we seek an answer to some of the essential differences that appear to exist between this industry as it presently operates in Newfoundland and as it exists in Nova Scotia. We have attached to this Memorandum a series of appendices denoted alphabetically which contain available statistics and which we feel substantiates, to a great degree, our feeling that something is radically wrong with the wage and price structure of the industry in Newfoundland.

In making a comparison of this industry as between Newfoundland and Nova Scotia, the first obvious similarity of the two operations that comes to mind is the geographic location of the Provinces, both on the doorstep of one of the richest fishing grounds in the world for certain species of fish. The species, viz. Cod, Haddock and Perch (Rosefish) are drawn by the fishermen of both Provinces from the same water. They are prepared, packed, frozen and shipped to the same markets in the United States and Canada. Yet, as it will be seen by referring to Appendices "A" and "B", the price paid to the primary producer in Nova Scotia in 1957 was approximately 40% higher than that paid to his Newfoundland counterpart during the same period. Relatively the same methods were used in harvesting the raw material and relatively the same method was used in producing the finished product. A comparison of the wages paid to the production workers



in Newfoundland and Nova Scotia shows that Newfoundland workers receive 25% less than the Nova Scotians.

(Appendices "C", "D", "E", "F", "G" for Newfoundland wage rates and Appendix "H" for rates in eight fish processing centres of Nova Scotia). The sole exception to this is the plant operated by Job Brothers and Company at St. John's, Newfoundland.

These obvious advantages in primary production costs should enable the Newfoundland product to fetch a more competitive price than the Nova Scotia product but such is not the case. It therefore seems logical to assume that some other factor is present which negates this obvious advantage in primary costs enjoyed by the Newfoundland producer.

This elusive factor appears to be hidden within the internal functions of the Newfoundland operations. The Newfoundland plants, with the possible exception of the St. John's plant, are being operated, so we are told, at considerable loss despite the fact that the Provincial Government has heavily subsidized the industry by the provision of several million dollars in the past few years. In fact, the Government itself seems to be somewhat concerned with the same question we pose in this Brief. The services of the Arthur D. Little Company of Boston, Mass. have been retained by the Provincial Government to investigate and report on the industry. Undoubtedly this investigation will bring forth many pertinent facts of value to the



industry but the merit of the investigation may be reduced by virtue of the limitations placed upon the Little Company in its enquiry. Two limitations which we suggest may adversely affect the Company's investigation are (1) the lack of authority to investigate plant operations in Nova Scotia, and (2) the likelihood that the Newfoundland operators may consider it not to be in their best interests to release complete information to the investigators.

It is our view that the Newfoundland people have a right to know all the facts about matters which vitally affect their economic condition. The fresh frozen fish industry is one of the basic mainstays of our economy and any apparent weakness in it should be located and eliminated. The wage earners and the primary producers who rely upon this industry for their livelihood most certainly deserve a fair return for their productive efforts and this they do not seem to be obtaining at the present time. As representative of workers in the fresh fish industry as well as the consumer, we look to your Commission to provide clarification of the issues we have raised and, in some measure, thereby determine whether the industry is able to provide our people with a decent standard of living.

Should your Commission wish to have our representatives appear before it at St. John's to further elaborate the questions we have raised, then we would be pleased to comply with your request."

FISH PRICES

Prices received by fishermen for fresh fish delivered to the various fish plants.

Source: Burin prices supplied by operator, 18 March 1958. Bal-appeared in St. John's Daily News on 26 March 1958 under following heading: "Last week fishermen received the following prices for fresh fish at the various fish plants".

Specie	Price per lb.						
	Burin, St. John's, Trepassey, Grand Bank, Ramea, Isle			Port-aux-Basques			
						Aux Mort	
Cod	2½¢	2¢	2½¢	2½¢	2½¢	2½¢	2½¢
Haddock, 17" & over, ripped.	3¢	3¢	5¢		2½¢	2-3/4¢	3½¢
Haddock, under 17" ripped	2½¢				2½¢	2-3/4¢	
Haddock, round, 13" and over	2¢	2¢		2¢	2¢		
Haddock, round, under 13"	1¢						
Greysole	3¢	3¢		3¢	3¢	3¢	3¢
Flounder	3¢	3¢		3¢	3¢	2-3/4¢	3¢
Perch, Large	2½¢	2¢		2½¢	2½¢	2½¢	2½¢
Perch, small	1-3/4¢				1-3/4¢		
Halibut	15¢	15¢	25¢	15¢	15¢	10¢	15¢
Catfish	3¢	2¢		3¢	3¢	3¢	3¢
Pollock						1¢	
Hake						1¢	



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- 2228 -
Mr. Bannister

APPENDIX "B"

April 8th, 1958

TO WHOM IT MAY CONCERN:

It may be perhaps interesting to compare fresh fish prices paid to Nova Scotian and Newfoundland fishermen during 1957, and we have taken three types of fish which form the mass production of our fishermen, namely; Codfish, Haddock and Rose Fish.

Our inshore fishermen are mainly dependent on Cod sold in Newfoundland, gutted, head on 2¢ per pound. In Nova Scotia 3 $\frac{1}{4}$ ¢ per pound. Haddock to offshore fishermen in Newfoundland 3¢ per lb. In Nova Scotia 5¢ per lb. Rose Fish to offshore fishermen in Newfoundland 2¢ per lb. Nova Scotia 3¢ per lb.

These were the average prevailing prices during 1957.

(Sgd) C. M. Lane,
General Secretary,
Nfld. Federation of Fishermen

APPENDIX "C"

- 2229 -
Mr. Bannister

Bonavista Cold Storage Co.
Bonavista, Newfoundland.

Classification

Rates of Pay,
Effective Feb. 1, 1958

Class A

All Charge hands

87¢ per hour

Class E

Wharf Workers	82¢	"
Receiving Room Workers	82¢	"
Production Line Workers	82¢	"
Cutters	82¢	"
Skinners	82¢	"
Foners	82¢	"
Trimmers	82¢	"
Wormers	82¢	"
Slicers	82¢	"
Check weighers	82¢	"
Inspectors	82¢	"
Freezing unit tenders	82¢	"
Master cartoning	82¢	"
Storage room	82¢	"
Machine feeders	82¢	"
Machine tenders	82¢	"

Class C

Machine Operators	87¢	"
-------------------	-----	---

Class D

Beginners - Male - All Classes		
First month	72¢	"
Second month	77¢	"
Third month & Thereafter	82¢	"

Class E

Engine Room Assistants	\$180	per month
Assistant - learning	150	"
Bait Depot Assistant	200	"

Class F

Apprentices - Male	First month	.72¢	per hour
under 18 years of age	Second month		
	& thereafter	77¢	"

Class G

Females - Wrappers, Check weighers, In-		
spectors, Machine feeders,		
Carton formers, etc. First month	47¢	"
Second month & thereafter	54¢	"

Class H - Fish Meal Plant Workers

Fireman	87¢	"
Labourers	82¢	"

Class I

Cod Liver Oil Factory Assistant	82¢	"
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Class J - Salt Fish Plant Workers

Cullers	82¢	"
Labourers	77¢	"



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CLASSIFICATIONS AND WAGES

Paid at the Furgeo Plant of the Furgeo Fish Industries Limited, taken from the collective agreement in effect between the firm and Fish Plant and General Workers Union, Local 1523 (CLC). 4 December, 1957.

Class A:	Production Line Charge Hands, and all others not specifically mentioned herein, Weighmaster	85¢	hour
Class B:	Storage Room Workers, Plate Freezer Tenders, Machine Operators	80¢	"
Class C:	Cutters, Skinners, Boners, Trimmers, Wormers, Slicers	80¢	"
Class D:	Meal Plant Workers, Fish Oil, Fish Entrail Workers	75¢	"
Class E:	Tippers, Shed Cullers, Receiving Room Workers, Winchmen, Scalers, Selectors, Check Weighers, Icing Draggers, Lumpers, Discharge Workers, Stevedores, Master & Sub-master Cartoning, Master Sticker, Labourers, Janitors, Ice House Workers, Harvesting Ice	70¢	"
Class F:	Beginners in Class C: First month	55¢	"
	Second month	65¢	"
	Third month	75¢	"
	Thereafter	80¢	"
Class G:	Assistants in the Engine Room:		
	Leading Assistant	\$220	month
	Assistants	188	"
	Assistant - Learning	176	"
Note:	It is understood that the Assistant - Learning will be upgraded to that of Assistant when qualified.		
Class H:	Boys	55¢	hour
Class I:	Packing room (Female) Wrappers, Inspectors, Checkers, Wrapping Machine Feeders, Carton Formers	55¢	"
Class J:	Fireman - Loading Hand	\$180	month
	Fireman	170	"
	Fireman - learning	70¢	hour
Class K:	Mechanic - Leading Hand Mechanic Electrician Electrician - Assistant Carpenter - Leading Hand Carpenter Chlorine Plant Attendant Fueling Draggers & Stockroom Attendant Stockroom Attendant		

Note: Class K shall be paid at rates presently prevailing



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TORONTO, ONTARIO

CLASSIFICATIONS AND WAGES

Paid at the Grand Fank Plant of Bonavista Cold Storage Company Ltd. taken from the collective agreement in effect between that firm and Eurin Workers Union No. 24560 (CLC) 15 December 1957.

<u>Class A:</u>	Production Line and all Charge Hands not specifically mentioned elsewhere, Weighmaster	85¢ hour
<u>Class B:</u>	Carpenter Charge Hand	90¢ "
<u>Class C:</u>	Tradesmen (Carpenters)	85¢ "
<u>Class D:</u>	Tippers, Shed Cullers, Receiving Room Workers, Scalers, Selectors, Check Weighers, Storage Room Workers, Plate Freezer Tenders Icing Trawlers, Lumpers, Stevedores, Machine Feeders, Master & Sub-master Cartoning	80¢ "
<u>Class E:</u>	Cutters, Skinners, Boners, Trimmers, Wormers, Slicers	80¢ "
<u>Class F:</u>	Beginners in Class E: First month Second month Third month Thereafter	 65¢ " 70¢ " 75¢ " 80¢ "
<u>Class G:</u>	Machine Operators and Tenders	85¢ "
<u>Class H:</u>	Carton Former	75¢ "
<u>Class I:</u>	Labourers	70¢ "
<u>Class J:</u>	The Assistants in the Engine Room: Leading Assistant Assistants Assistant - Learning	 \$220 month 180 " 160 "
Note:	It is understood that the Assistant - Learning shall be upgraded to that of Assistant when qualified.	
<u>Class K:</u>	Boys: Starting first month after first month	 65¢ hour 70¢ "
<u>Class L:</u>	Females: Wrapping, Inspectors, Checkers, Wrapping Machine Feeders, Carton Formers, Starting, first month Thereafter	 45¢ " 52¢ "



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TORONTO, ONTARIO

APPENDIX "E"

- 2232.-
Mr. Bannister

CLASSIFICATIONS AND WAGES

Paid at the Furin Plant of Fishery Products Limited, taken from the collective agreement in effect between that firm and Burin Workers Union No. 24560 (CLC). 15 March 1958.

Class A:	Production Line and all Charge Hands not mentioned elsewhere in this Schedule, Weighmaster	95¢ hour
Class B:	Equipment Super, Brine Mixer	89¢ "
Class C:	Cullers, Shed Men, Cutters, Trimmers, Skinning Machine Tenders, Candler, Trimmers, Wormers, Selectors, Slicers, Scalers - hand or mechanical, Skinners, Storage Room Workers, Checkweighers	89¢ "
Class D:	Bird's Eye Tenders	89¢ "
Class E:	Machine Operators, Lumpers, Salt Fulk Workers, Stevedoring, Liver Factory Workers, Smokehouse Workers	89¢ "
Class F:	Meal Plant Workers, Ice Man, Master Filler, Master Sticker, Master Placer, Handling Smelts and Blueberries, Labourers	82¢ "
Class G:	Watchman, Cookhouse Attendant, Janitor	82¢ "
Class H:	Hoseman, Truck Driver	91¢ "
Class I:	Truck Driver Mechanic, Warehouseman, Boiler House Workers	96¢ "
Class J:	Chargehands: (1) Maintenance; (2) Vessel and plant; (3) Electrician, (4) Machine Shop; (5) Welders; (6) Carpenters	\$1.02 "
c	Tradesmen	96¢ "
	Tradesmen's Helpers	91¢ "
	Improvers	72¢ "
	Beginners	64¢ "
Class K	The Assistants in the Engine Room:	
	Leading Assistant	\$222 month
	Assistants	212 "
	Assistant - Learning	200 "
Note: It is understood that the Assistant - Learning shall be upgraded to that of Assistant when qualified.		
Class L:	Boys:	
	Candler and Trimmers, Wormers, Selectors, Slicers, Skinning Machine Tenders	62¢ hour
Class M:	Female:	
	Wrappers, Inspectors, Wrapping Machine Tenders, Carton Formers	62¢ "
Class N:	Toolman	\$165 month



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RATES OF WAGES

In effect between Job Frothers Cold Storage Plant and the Longshoremen's Protective Union, St. John's effective May 1st, 1956 to April 30th, 1957.

	Hourly Rates of Wages						
	Day	Early	Late	Union	Meal	Meal	Sat
	Night	Night	Night	Holi-	Hrs &	Hrs. 2-6p.m.	
	Period	Period	Period	days	Sundays	SunMay 1	
				Sat.		days	Sept.
				Nights			
Casual Labour	1.07	1.32	1.53	1.94	1.94	1.94	1.32
Casual Labour in plant	1.11	1.36	1.56	1.95	1.95	1.95	1.36
Wheeling Fresh Fish	1.14	1.39	1.60	1.94	1.94	1.94	1.39
Checking & Weighing	1.17	1.42	1.63	1.97	1.97	1.97	1.42
Filleters & Skinners	1.12	1.37	1.57	1.96	1.96	1.96	1.37
Payloader Operators	1.24	1.49	1.70	2.04	2.04	2.04	1.49
WOMEN	.66	.84	1.14	1.04	1.04	1.04	.84



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Excerpt from Monthly Bulletin issued by President R. J. Keefe of the Canadian Sea Food Workers Union, CLC.

Local 101, Lunenburg, 5¢ wage increase across the board.

General Basic Labour Rate	\$1.08
Cutters and Skinners	1.16
Female employees	.81

Local 103, North Sydney, 4¢ wage increase across the board.

Cutters and Skinners	\$1.08
General Basic Labour	1.04
Female employees	.79

Local 106, Louisburg, 4¢ wage increase, double time for Sundays, double time and one-half for holidays.

Cutters and Skinners	\$1.08
General Basic Labour	1.02
Female employees	.79

Local 107, Canso, 5¢ wage increase.

Cutters and Skinners	\$1.05
General Basic Labour	.94
Female employees	.74

Double time for all work performed on Sunday, two more additional paid holidays.

Local 108, Swim Pros. Lockeport, 8¢ wage increase.

Cutters and Skinners	\$1.05
General Basic Labour	.92
Female employees	.77

Local 109, Petit de Grat, double time and one-half for all work performed on Statutory Holidays, double time for all work performed on Sundays. 4¢ wage increase to cutters and skinners, general labour and female employees. 6¢ wage increase to maintenance men and carpenters; 9¢ wage increase to fish meal employees and 14¢ to truck drivers.

Cutters and Skinners	\$1.10
General Basic Labour	1.00
Female employees	.80
Truck Drivers	1.10
Fish meal workers	1.05

Local 112, H. B. Nickerson, North Sydney, first agreement concluded with wage increases, seven paid holidays and vacations with pay.

Cutters and Skinners	\$1.08
General Basic Labour	1.04
Female employees	.79
Fish meal workers	1.12

Local 105, Cold Storage, Lockeport, 5¢ wage increase.

Cutters and Skinners	\$1.05
General Basic Labour	.92
Female employees	.77



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO



"E"
PM

THE CHAIRMAN: Thank you, Mr. Bannister.

COMMISSIONER KIDD: We have done some reading and some analysis of your submission as the chairman has indicated but we would like to get some more information from you. First of all, as to the markets for the fresh fish industry, where are they located?

MR. STRONG: Largely in the States but also in the bigger cities in Canada, Montreal, Toronto.

COMMISSIONER KIDD: When we talk about fresh fish, that includes frozen fish for our purposes of discussion, the fillets and that sort of thing?

MR. STRONG: Yes.

COMMISSIONER KIDD: Is the fresh fish apart from the frozen fish of any significance in your production and sale?

MR. STRONG: No.

COMMISSIONER KIDD: It is mostly frozen, is it?

MR. STRONG: Yes, mostly frozen, it must be processed in some fashion to be shipped, either salted or frozen.

COMMISSIONER KIDD: I see you have the salted market as well, where is that market?

MR. STRONG: Mostly in the warmer countries.

COMMISSIONER KIDD: You compete with Nova Scotia there?

MR. STRONG: Yes, in the west Indies, in fact, Nova Scotia comes to Newfoundland and buys salt codfish in the raw state and salt the fish and process it and



ship it.

COMMISSIONER KIDD: You can sell all you can produce of either kind, either fresh or salt?

MR. STRONG: For years they have claimed that there has been a big inventory of stock in the United States and Canada but this year the market has changed and the inventory has gone down and they claim production has gone down.

COMMISSIONER KIDD: Production in Newfoundland has gone down?

MR. STRONG: Yet, in the past year they have not produced as much.

COMMISSIONER KIDD: Is the reduction sizable?

MR. STRONG: I would make a guess at maybe five per cent or ten per cent.

COMMISSIONER KIDD: You say that there are obvious advantages in primary production costs in Newfoundland and you refer to a number of tables that should enable Newfoundland product to effect a more competitive price /the prices in these markets that Newfoundland fish processors have been receiving much the same as the Nova Scotian product?

MR. STRONG: I would assume they are competitive to one another and they must sell at the same price.

COMMISSIONER KIDD: That would be a reasonable assumption, I am just wondering if you had information on the primary price?

MR. STRONG: No, we have no definite information.



COMMISSIONER KIDD: You say it would seem logical to assume some of the factors present, could you explain that?

MR. STRONG: The wages paid the fishermen, we have quoted the actual price which we have not been able to find out which are fairly accurate, we have this statement from the Newfoundland Federation of Fishermen which is a general statement and then it is common knowledge which we get from the radio that you can hear on the news bulletins, they sometimes give out the price of fish in Nova Scotia and there is a difference there. Any one who is familiar with the price of fish here and there--

COMMISSIONER KIDD: As paid to the fishermen?

MR. STRONG: Yes, there is a difference and invariably the Nova Scotian prices are higher in almost each species.

COMMISSIONER KIDD: Well now, would this fact that the productivity entering into it, these fishermen from Nova Scotia get a higher price because of productivity, first of all, take it at two stages, what about the productivity at the first level and then productivity in the processing.

MR. STRONG: Productivity at the first level I do not think enters into the picture. A fisherman goes in and he is -- he probably is the owner of the ship.

COMMISSIONER KIDD: He owns the boat?

MR. STRONG: In most cases if he has men working with him they are on a share basis.



COMMISSIONER KIDD: So these fishermen are not going out in boats that are owned by fishing companies?

MR. STRONG: No, that is not quite correct: the inshore fishermen, the draggers and trawlers, they also operate on a share basis but the ships are owned by the companies in Newfoundland, they are owned by the plant operators and there is what they call a lay price, the price of fish is so much, the catch is so much at so much per pound, so much to the fishermen, so much to the boat and so much to the captain, it is all divided up but the ship is owned by the company. Now just what the advantage is in Nova Scotia I am not sure but I am sure the inshore fisherman, and these prices apply to them, they own their own boats and the men who go with them are on a share basis.

COMMISSIONER KIDD: So really there is no factor of productivity here except the type of boat, what about at the second stage then?

MR. STRONG: well, on the productivity the workers in the plant can become a factor. I notice it became a very big factor in the news release in Halifax. I personally have assisted local unions in the plants and invariably the operator will claim that the workers are not producing like other plants; that is a standard claim.

COMMISSIONER KIDD: You do not think that is confined to Newfoundland, do you?

MR. STRONG: I can only speak from experience. We had an opportunity to officially and properly discount



this particular claim last fall when we had occasion to have a conciliation board sitting to resolve the dispute or try to resolve a dispute between the fish plant operator at Burin and the local union through its C.L.C. affiliate and the operator made the usual claim to the Board and produced figures, comparative figures showing that the workers were not producing the same as other workers in another plant they owned and the plants in Nova Scotia. He claimed that production of the plant workers was away down particularly since the unions had come in. When the Board further investigated the situation regarding that particular plant they discovered from government figures the extent of fish from that plant and that productivity per man had actually gone up because of the increased amount of fish that had been exported and the amount of wages that had been paid out by the plant in plant labor. There had been a change in the plant wage structure that was contained in their report and that report is available to this Commission if you want it.

COMMISSIONER KIDD: Can we get a copy of that?

MR. STRONG: I have a copy here.

THE CHAIRMAN: The hours of labor being reduced?

MR. STRONG: They have been changed but that did not alter the picture.

THE CHAIRMAN: Your statement was the productivity per man-hour had increased?



MR. STRONG: The figures showed it had actually increased.

THE CHAIRMAN: But had the number of hours increased?

MR. STRONG: Well, there had been a change, probably the number of hours worked has gone up, the productivity had gone up, the total production had gone up.

THE CHAIRMAN: Production per man per year?

MR. STRONG: Production per man per hour.

COMMISSIONER KIDD: Well, what has been the history of the changes in wages in the past ten years or so? You indicated a moment ago I gather at least that there had not been much change in the wage structure in the past.

MR. STRONG: I said there had been no change in the wage structure in that particular plant over the last three year period, in fact, it had gone down.

COMMISSIONER KIDD: What has been the change in wages in the past ten years or so?

MR. STRONG: There has been in the overall picture, I would say there has been a slight increase.

COMMISSIONER KIDD: You do not have the figures off-hand?

MR. STRONG: No, I have not the figures off-hand on the increase but we can get them.

COMMISSIONER KIDD: You have got in appendix "A" the price per pound paid in various ports, have these prices fluctuated much in the past ten years?



MR. STRONG: They have changed around three-quarters of a cent, they fluctuate all the time.

COMMISSIONER KIDD: Yes, I was wondering whether basically there had been much change over the years.

MR. STRONG: No.

COMMISSIONER KIDD: Fairly constant?

MR. STRONG: Fairly constant, there may be 3 cents a pound where they get $2\frac{1}{2}$ and so on.

COMMISSIONER KIDD: Have you any information on the processing companies payment in the past ten years?

MR. STRONG: No, most of them are private and it is hard to get the figures, they do not publish their dividends or anything. In this particular plant which we were mentioning, the Burin plant, within two weeks of this report coming out they paid interest for two years on the money borrowed from the Government and paid off some of the principal they had borrowed.

COMMISSIONER KIDD: I think that is all.

COMMISSIONER MACKICHAN: Most of the questions can probably be better directed to the next brief but what about wages in the three basic industries?

MR. SHARPE: Pulp and paper?

COMMISSIONER MACKICHAN: What are the relations to-day between the wages paid in these different --

MR. SHARPE: There is quite a difference, there is no comparison at all between wages in the fish plants and those that work in paper mills. There is no comparison whatsoever.



COMMISSIONER MACKICHAN: We have heard from the paper people and mining, I presume there is some difference in the price of the common product?

MR. SHARPE: There is.



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Mr. Strong

COMMISSIONER MacKICHAN: What has been the impact of mechanization, such as filleting machines and skinning machines in plants?

MR. STRONG: It has increased production.

COMMISSIONER MacKICHAN: And reduced employment has it?

MR. STRONG: No, I wouldn't say it reduced much employment. There has been a change.

COMMISSIONER MacKICHAN: Here is brought from the ocean a lot of fish that weren't coming in at all before, such as small haddocks. They just couldn't be handled, couldn't profitably handle them by hand labour.

MR. STRONG: Yes, I think that is the fact that the processor of haddock bought these machines.

COMMISSIONER MacKICHAN: It couldn't be done by hand, packing and transportation and all that part has increased the output of the plants?

MR. STRONG: Yes, the main thing has been the increase in production.

COMMISSIONER MacKICHAN: Mr. Chairman, those are my questions.

COMMISSIONER KIDD: Just one more question. Are all of the fish processing plants organized?

MR. STRONG: Most of the larger ones are.

COMMISSIONER KIDD: So that there isn't any difference, to any extent, in the wage structure from one fish processing plant to another?

MR. STRONG: Yes, as indicated here the one



in St. John's gives rates that are fairly comparable but not quite as good as Nova Scotia; fairly comparable. The plant in Burin, which is probably the biggest plant in Newfoundland I would say is the next best paying. The others, Harbour Grace may be compared with Burin. The other plants which are organized the rates are fairly comparable and that it is quite possible for these other plants which are not organized to get much less wages.

COMMISSIONER KIDD: The Chairman asked a question about hours of work. I think it is fairly important. Could you supply us later on, if not now, with information on hours of work over the past few years? If you haven't got it now you can get it to us by mail?

MR. STRONG: Hours of work?

COMMISSIONER KIDD: Hours of work in the fish processing plants by year over the past few years, also by day.

MR. STRONG: We could possibly give you the regular hours of work in each plant.

THE CHAIRMAN: Yes, the standard hours per week.

MR. STRONG: Yes, we could give you that. We couldn't give you the number of hours available to the workers. It varies with the amount of fish.

THE CHAIRMAN: Is the overtime rate different?

MR. STRONG: Yes, I would say where the plants are not organized the overtime is from 10 per cent or 10

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cents, maybe not at all. Where they are organized it ranges from one third to one half for overtime.

COMMISSIONER MacKICHAN: Is there any labour union connection here between the fishermen and shore workers such as prevails on the West Coast?

MR. STRONG: No, there is no organic union between any fishermen organization and shore workers.

COMMISSIONER MacKICHAN: Partly because of the self employment to a considerable extent, I suppose?

MR. STRONG: That is true. There may be some of the smaller plants the fishermen themselves may work in. They may have considerable influence over the people who work in the plant.

COMMISSIONER MacKICHAN: Apart from the increased income by shore fishermen and others to Unemployment Insurance, has the Unemployment Insurance had any bearing on the activity as a whole? It has become effective this year for the first time.

MR. SHARPE: No, not to the extent fishermen would not catch fish, no. Where there are fish to be caught they would catch fish.

COMMISSIONER MacKICHAN: In the benefit.

MR. SHARPE: No, it wouldn't have any effect because of the fact that the primary attitude of the fishermen is his trade and probably knows no other trade. There are those who are of course part-time fishermen, part-time farmers and part-time logging operators. The actual basis of the fishing



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industry is where the fishermen fish and supply their products to the fish plant.

MR. STRONG: If anything has increased it is the number of fishermen. It seems more people have gone back to fishing.

COMMISSIONER WALTON: Do the processors utilize, in the sorting do they utilize bi-products for fertilizer here as they do in Nova Scotia and elsewhere?

MR. STRONG: They make meal out of it.

COMMISSIONER WALTON: Yes, fish meal.

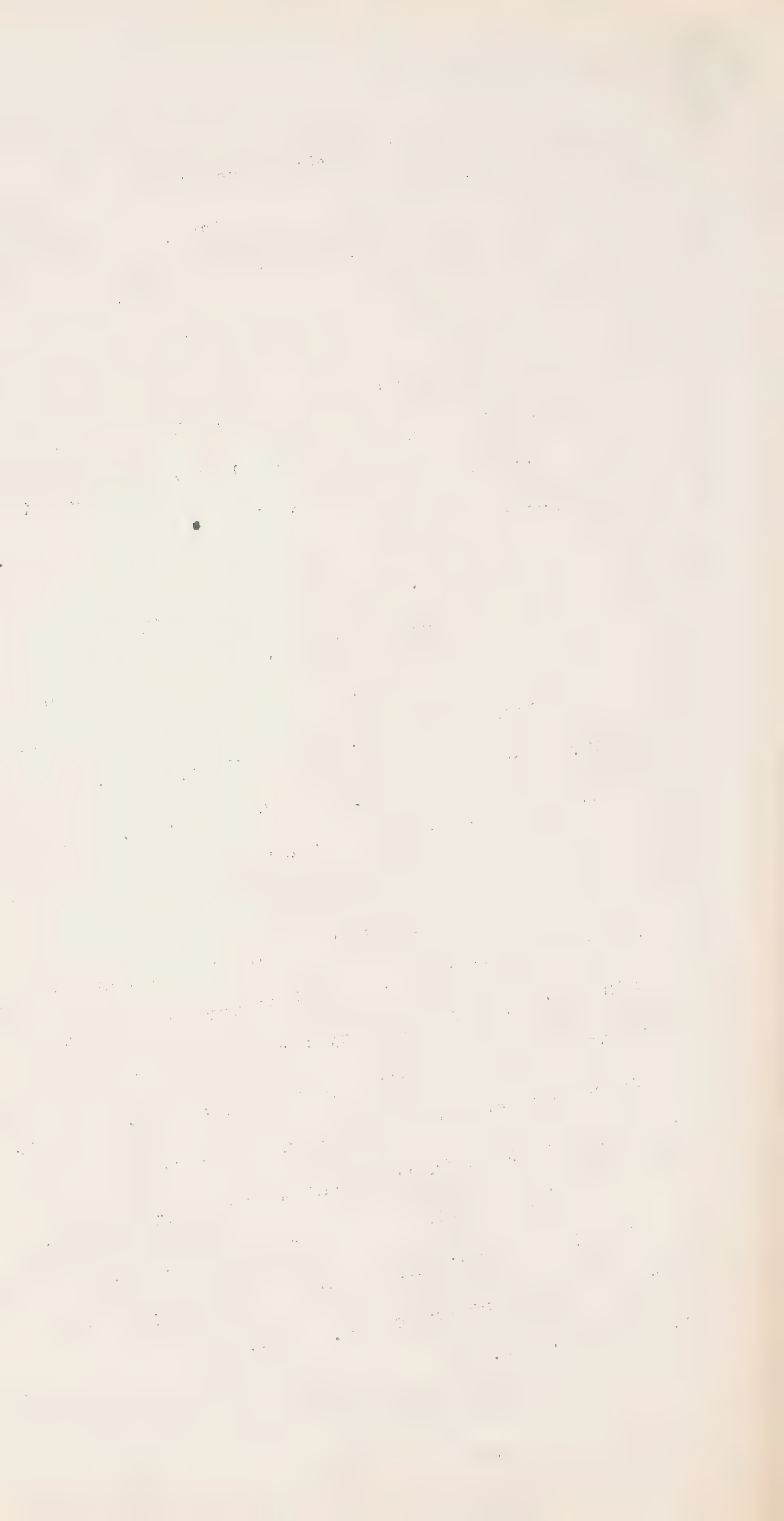
MR. STRONG: Quite a few of the large plants make meal out of it. In fact any large plant must have some method of disposing of those. If they haven't they run into trouble and most of them make meal out of it, not fertilizer, meal.

COMMISSIONER COURVRETTE: I just wanted a little explanation. I might have missed something there. You did say that production in fisheries was down a little, didn't you? Total production by five or ten per cent I guess, and then there were just as many employees in the plant as there was before.

MR. STRONG: The number of hours would go down with production. People are employed when there is fish to be processed. When there is no fish, they are laid off.

COMMISSIONER COUVRETTE: But the number of employees is down?

MR. STRONG: The number of hours work





obtained by employees is down.

COMMISSIONER COURVRETTE: They work less hours?

MR. STRONG: Yes, their income is down.

COMMISSIONER COURVRETTE: Their income is down. Now is there just as many plants operating as there used to be, or less plants?

MR. STRONG: Now there is one place that has been closed up completely in spite of Government efforts to get it re-opened, and another one was closed down last summer for a number of months.

COMMISSIONER COURVRETTE: Just about how many plants would you say there is, number of plants in Newfoundland? When you say one or two is closed up, it would be out of how many approximately?

MR. STRONG: There are ten, shall we say larger plants. I don't know how many smaller plants there would be.

COMMISSIONER COURVRETTE: And then it was said that no modern machinery was introduced in a plant.

MR. STRONG: That would be in the larger plant, not in all of them has it been introduced.

COMMISSIONER COURVRETTE: What strikes me is that although the closing of one or two plants might have some bearing on this question, and also on production in hours, it has not taken place to any

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large extent. How could production be down? Plants improve and production is up. Will you please elaborate on that a little?

MR. STRONG: I think possibly on the question of production, total production for the Province over any period probably the Commission should seek expert or accurate figures rather than taking my figures on that.

I can quote, I did quote the actual trend over the past six months. That was my impression that stocks in the States and Canada had gone down, stocks in storage, because possibly sales having increased and possibly because there has not been as much shipped in the plants. The chief factor of this thing has been a little less fish being packed maybe, and these two plants being closed up. Now the increased activity occurred when a plant put in this fish sorting machine, and not all plants do that. It is not a general picture. It is only one or two. I don't know how many plants have done that, but maybe two, but when that occurs in that particular plant the tendency has been for the productivity to go up in the plant as a whole.

COMMISSIONER KIDD: This just did not happen overnight. It is a long range thing.

MR. STRONG: It is a long range thing. It has occurred in the past two or three years. You can't pin it down to any definite period in

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checking on each individual plant, you see when they put it in, how long it has been operating, have they been operating all the time. Sometimes they put these machines in and haven't been successful with them. They had to take them out and put other types of machines in. Only generalizing factors. Does that answer your question?

MR. COUVRETTE: Well yes, to a certain extent. Would you have any figures on that question of higher productivity in any special case?

MR. STRONG: No. It is almost impossible to get that. That is a great thing in dispute, the productivity. I think we mentioned that in the beginning in answer to COMMISSIONER KIDD's question. We have figures. We can get figures out of this report of this Conciliation Board. They are available for the production in that particular plant over a given period of years.

THE CHAIRMAN: I think we can get it quicker.

MR. STRONG: The Government Department keeps figures of production on each plant. That is where the Board got their figures, and this Commission certainly can get it. That would be a complete list of plants and productivity of each plant. At least how much they use.

THE CHAIRMAN: We are not only interested in the information we are getting. We are also



interested in information we are not getting. We can get it.

MR. SHARPE: I am thinking Mr. Chairman, there are quite a number of places where the information is available and should be supplied to your Commission. That is the attitude of the Federation of Labour.

COMMISSIONER WALTON: Does the same processor operate in Nova Scotia and the same processor operate in Newfoundland? I mean x-company having plants in both Newfoundland and Nova Scotia to your knowledge?

MR. STRONG: I don't know.

COMMISSIONER WALTON: You don't know of any place of that kind?

MR. STRONG: No.

COMMISSIONER WALTON: I am just wondering, on your Appendix B Nova Scotia paid $3\frac{1}{2}$ cents a pound, and Newfoundland 3 cents a pound.

COMMISSIONER MacKICHAN: That is salt fish.

MR. STRONG: No, this Appendix B is from the Newfoundland Federation of Fishermen. The fishermen sell their fish where they can to the salt fish producer or to the fresh and frozen fish producer.

COMMISSIONER DRUMMOND: Is it not a fact that Nova Scotia processors do buy quite a lot of their fresh fish from Newfoundland primary producers?

MR. STRONG: Not fresh fish. They buy salt



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bulk fish. Fish is caught and salted. A lot of fishermen, Newfoundland fishermen buy from Nova Scotia and fish out of Nova Scotia and sell into the Nova Scotia market. That would be those from the near area.

COMMISSIONER DRUMMOND: When you say at the bottom of page 1 that your price paid to the primary producer in Nova Scotia in 1957 was approximately 40 per cent higher than paid to the Newfoundland counterpart, do you mean there that the Nova Scotia processors got all their supplies from Nova Scotia fishermen, and that the Newfoundland processors got all theirs from Newfoundland fishermen?

MR. STRONG: That is right, sir.

COMMISSIONER DRUMMOND: You say that fishermen, the primary producers here get 40 per cent less for the same product than their counter-part down there. How would you feel, or have you any information in regard to the opportunity of Newfoundland fishermen to secure work other than fishing, as compared with the opportunity of the Nova Scotia fishermen to get other kind of work in Nova Scotia? Do you follow that?

MR. STRONG: I follow it. I am not familiar with the Nova Scotia picture so I couldn't comment on that. The Newfoundland fishermen, there is a tendency whenever there is an opportunity available in the other industries in Newfoundland for him to leave the fishing industry and go back and go into



10 the logging, etc. in fact, these past ten years I would say it has been a general trend. There was a little stage back when the Unemployment Insurance came in then I would say because there has been a little tightening up in the conditions there was more unemployment elsewhere. Many of the older fishermen have gone back to fishing. They can see a little bit better prospects in the fisheries than probably - or see bad prospects in the other type labour.

COMMISSIONER DRUMMOND: Have there been some seasons when your Newfoundland fishermen had more fish to offer for sale than any other seasons?

MR. SHARPE: Oh definitely, Commissioner Drummond. Yes.

COMMISSIONER DRUMMOND: Have the prices been definitely lower in seasons when the supply was high?

MR. SHARPE: I would have to ask Mr. Strong to answer that question.

MR. STRONG: This price structure here, Appendix A, that was weaker in the twelve months than it is now, there has been improvement within the last twelve months, I think I mentioned before, and this price structure has changed possibly to one half or one quarter cent.

COMMISSIONER DRUMMOND: What is the explanation?



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MR. STRONG: Improved marketing conditions.

COMMISSIONER DRUMMOND: For the processed product?

MR. STRONG: Yes. I would say too that possibly the fact that the Nova Scotia dried salt cod fish producer has been coming down in the last few years and buying up lots of salt cod fish and that might effect it. It has had a definite effect on the salt fish producers getting a better price for their product there at the moment. It might also have had an effect on the increasing production of fish. That is one of the factors.

COMMISSIONER DRUMMOND: Are there many places where the same fishermen here sell some of their fish in the salt form and some in the fresh form. Are they different groups of producers?

MR. SHARPE: Yes, there are many instances where fishermen do exactly that, I would not say how many there are in Newfoundland but there are some areas where it is convenient to ship, especially on the northeast coast they do ship fish fresh as part of their catch and the other part they will salt in bulk and ship to the other markets. Unfortunately, for some of our fishermen, they get a better price shipping it salted to other markets than they get in our own place. In some places it is inefficient.

COMMISSIONER DRUMMOND: In many cases it is possible for a man to sell his product in this or



12 that form?

MR. SHARPE: Oh, yes.

COMMISSIONER DRUMMOND: So, he has some choice there.

MR. STRONG: Where there is a plant they would keep the plant supplied, there may be quotas on different days, if they do not sell their fish to the plant as fresh they would salt separate and they would also then have the opportunity of selling - there are large areas where the opportunity to sell fresh is not available, places in between plants, you see.

COMMISSIONER DRUMMOND: I see.

COMMISSIONER MARTIN: You said that some boats are owned by companies and some others by fishermen themselves on the share basis, what is the present state of the total of catch made by boats owned by companies compared with others. Have you any idea of that?

MR. STRONG: There is no way of separating the two, the boats which are owned by the companies are the draggers which employ twelve, fifteen or eighteen men and they keep their plants supplied with fish, they would fish far afield and they would go in for a certain species which are not available to the shore fishermen, rose fish. So when rose fish was invariably caught in the draggers and flounder the variety of fish is brought in and I would say that all the grades of flounder variety is caught by these company owned boats,



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the big ones. They get haddock too and halibut but the smaller boats which are owned by the fishermen, in some cases they make loans to get these boats, particularly this new long liner business, which is a medium sized boat, they would get a loan to build these long liners, maybe from the companies, maybe from the Government and they would catch mostly cod, haddock and halibut. Perhaps the Department of Fisheries may be able to give you that but I have never seen such a comparison.

COMMISSIONER MARTIN: On the first page of your brief you say in the last paragraph, you use words that the figures you are giving here would substantiate your feeling that something is radically wrong. Would you or could you say briefly and in a straight forward way what you mean by "radically wrong"?

MR. SHARPE: Mr. Chairman, as I said a moment ago we have a feeling that there is something radically wrong, maybe it is inefficiency of operation, maybe it is because of other things. Could I give an illustration?

COMMISSIONER MARTIN: Yes.

MR. SHARPE: We decide to put up a fresh fish plant, we probably get a loan from the Government to have the money available. First of all we sit ourselves down and make ourselves electors of this company and decide we must have at least some



14 remuneration and we say that first of all before we pay anybody anything we have to get \$15,000.00 a year for us which maybe all right providing you can sell lots of fish and catch lots of fish. How can these things be? You cannot pay a big rate of wages to the men working for you at a fair rate per man to the people who catch fish because we as Directors have eaten up the profit which could have gone to those who produced it. Those are some of the things we cannot get our fingers on, but we do believe there is something wrong in the picture. We think it is a possibility or pattern and I think the Commission will be able to delve into it, but we think there is something of this sort because of the fact the same people actually accept they are Nova Scotians and we are Newfoundlanders and can only catch the same amount of fish they cure it in the same manner but they are able to get more for their catch per pound and more for labour. It is simple as that and there is something somewhere that we cannot figure it out.

COMMISSIONER COURVRETTE: But you would be happy to get better prices and they are unhappy about the prices they get.

MR. STRONG: I would like to see some of the Directors fees.

THE CHAIRMAN: When you make the statement that wages are 25 per cent less than the Nova Scotian



wages, are you using as a basis for comparison the Government information at least as far as the salt fisheries are concerned? We understand there is a variation in the wages paid in Nova Scotia.

MR. STRONG: The ones used for comparison were the fresh fishermen, the ones which were organized.

THE CHAIRMAN: That is on the basis of fresh fish plant workers?

MR. STRONG: Yes.

THE CHAIRMAN: Have you anything about the relative wages in the salt fish industry?

MR. STRONG: We have no comparative scale of wages.

THE CHAIRMAN: The salt fish industry is a larger employer of labour than fresh.

MR. STRONG: Not in Newfoundland, surprising as it may seem. Let us put it this way, the fresh fish processor is concentrated in large groups ten or one dozen large groups, the salt fish is scattered, the fishermen do a lot themselves and there are very few large plants. The fishermen's families for centuries have dried the fish on the flake in the sun, the sons and daughters get out and do it. That has largely disappeared now, but there are only a few areas where we can get a standard rate of wages.

MR. SHARPE: There are many communities in Newfoundland where there are no wages paid for



curing for cod. For 22 years I have known the process of drying salt cod fish, I know when I was a boy going to school the father and son caught the fish and split it and salt it and then there is the washing out and then it is dried, and everybody in the family helped because the fisherman cannot afford to pay anyone to work for him. You see, there is quite a difference in the operation of curing and cleaning out fresh fish, but there are one or two dry dried salt cod plants, but as you say I would say there are more people employed in the fresh fish industry than in the salt, that is where wages are being paid.

THE CHAIRMAN: Wage earners?

COMMISSIONER COUVRETTE: Markets for fresh fish in Nova Scotia and Newfoundland are the same large centres in Canada and the United States, how about freight rates to reach those markets, would they be higher from Newfoundland to those markets than they are from Nova Scotia?

MR. STRONG: We have no figures on it but we think that transportation by water is cheaper than by rail, we ship direct by water to all the ship board places anywhere.

COMMISSIONER COUVRETTE: So you would be inclined to believe that your freight in respect to the wages would be cheaper than Nova Scotia



freight rates?

MR. STRONG: Nova Scotia may ship by rail to centres but we ship by water directly.

COMMISSIONER DRUMMOND: You would not ship in by truck, of course?

MR. STRONG: Afraid not, no trucks and no roads.

MR. SHARPE: If we get Trans-Canada high way through we might.

COMMISSIONER COURVRETTE: Anyway, freight would not be higher than from Newfoundland?

MR. STRONG: I have no figures on it, but it does not seem to effect the wage rate.

COMMISSIONER COURVRETTE: Well, the competition goes on the same markets and if they cannot compete in prices, if they are out-priced in those markets, where are you going to sell your products?

MR. STRONG: Well, the place which is furthest away from the market is St. John's and they pay the rates of wages which are comparable, it does not seem to effect the wage picture, they pay wages comparable to Nova Scotia rates, as you will see by Appendix G as against Appendix B, they are comparable.

COMMISSIONER COUVRETTE: What I mean is this, if you pay the same wages as in Nova Scotia



and your freight rates to reach your markets are high the product will have to be sold at a higher price, then you will be out-priced and what are you going to sell your fish at if that is so? I mean, it has to be competitive, it has to be one of the reasons why fish per ton has to be paid a little less. I do not say that is the answer at all, but it could possibly be.

COMMISSIONER DRUMMOND: If it is a **fact** as you suggest I think that your transportation cost by water from St. John's to the markets, wherever it may be, is actually less than the transportation cost of the Nova Scotia process, sir, then the total cost in the case of Newfoundland would be just that much less than the Nova Scotia total cost, wouldn't it?

COMMISSIONER COUVRETTE: Then it would be to your advantage in such a case, and if they are higher, it would be to your disadvantage?

THE CHAIRMAN: Let me try another angle of this. I am correct am I not that a good deal of salt fish is semi-processed by the fisherman himself? That is, split and partly salted and dried and then the large part of that goes on to Nova Scotia for the final processing, is that right?

MR. SHARPE: Not correct. That is the wrong phrase, but the point is Mr. Chairman the fishermen get the fish out of the water and into shore. They put it up in the first stage, split it and salt



it. That is what we call the salt bulk. Nova Scotia buys it, right. From that point they are in the stage which is taken out of that area, taken aboard ship which they send to pick it up under somebody else's charter, and they pay more, actually they receive more especially in salt bulk in some areas than they would if they washed it out themselves and had the family into it. That could cost on wages.

THE CHAIRMAN: There is a step I missed there. You are talking about salt bulk, but you think that there is some of this product which goes to Halifax and further is processed by the plants there?

MR. SHARPE: I am not too sure myself.

THE CHAIRMAN: My recollection, and the information we got in Halifax was to that effect.

COMMISSIONER MacKICHAN: I might first say that we will probably get this better from Mr. Antle,, but the fresh fish people, the people who are buying this salt bulk it is taken to either St. John's or some other central point here or say bought by Nova Scotia would be taken to Halifax and Lunenburg in that salt bulk stage and dried and packed and boxed.

MR. SHARPE: That is right.

THE CHAIRMAN: That is two steps, from here to Halifax and then Halifax to the market?



COMMISSIONER MacKICHAN: That is right.

THE CHAIRMAN: I would like to thank you very much. We particularly appreciate your early response to our request and getting your brief in. I might say that had it not been for your brief we might not have been in St. John's. Until we arrived here it was the only one we had.

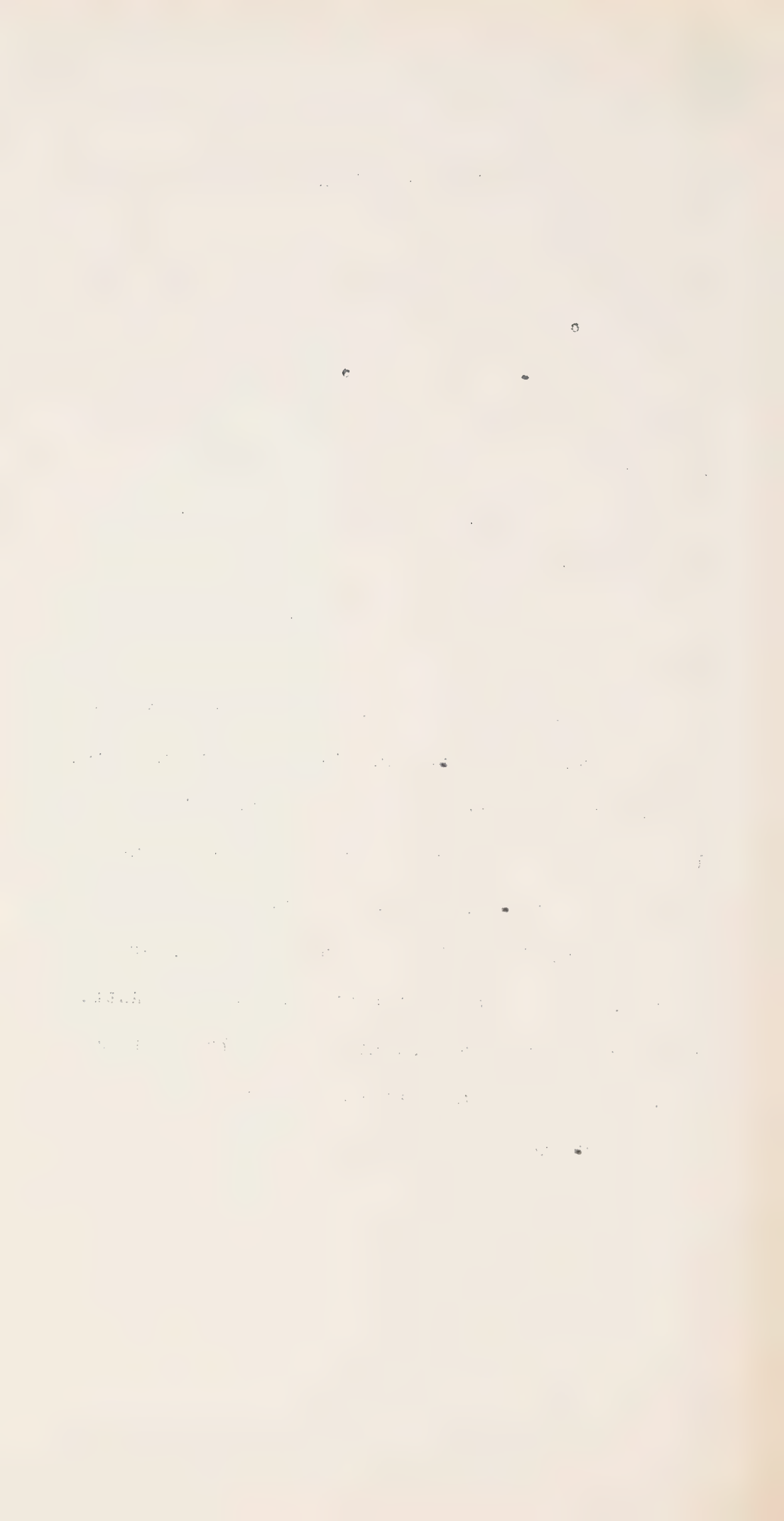
MR. SHARPE: We feel sort of flattered, Mr. Chairman.

MR. CHAIRMAN: You have every reason to be.

MR. SHARPE: I would like on behalf of the Federation to thank the Commission as a whole. I trust that the members of this Commission will be qualified to at least give us some necessary support. Actually I think you will be.

MR. CHAIRMAN: Thank you for your good wishes. We normally stop at 12.30 but Mr. Antle has worked almost all night on his submission and he would like to take Saturday afternoon off, so we will carry on a little while. We will recess for about five minutes.

- Recess.





Submission of
NEWFOUNDLAND FEDERATION OF FISHERMEN

EXHIBIT No. 48: Brief of the
Newfoundland
Federation of
Fishermen.

THE CHAIRMAN: The third and last brief which you will receive in Newfoundland is presented on behalf of the Newfoundland Fishermen and we have with us Mr. Patrick Antle the Acting Secretary General of the organization. We appreciate your efforts. We understand that you worked overtime, I assume not at overtime rates to prepare this for us, and while for obvious reasons we have not had the chance to read it, we will be glad to have this information you have provided, and we will follow our usual procedure and ask you to read it into the record and then we will try and ask intelligent questions.

MR. ANTLE: Thank you very much sir.
Mr. Chairman and Commissioners:

On behalf of my Organization, the Newfoundland Federation of Fishermen, I have the honour to present the following Submission for your consideration and attention:

I may say that this Submission was prepared

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on very short notice, due to circumstances beyond our control. The General Secretary of our organization is at the present time in hospital for what we hope is a minor operation. Meanwhile I have prepared this Brief ~~outlining~~ the spread in fish prices between the producer in Newfoundland and the consumers both local and foreign. . Also the difference in prices received by the Newfoundland fishermen as compared with prices received by fishermen in Nova Scotia.

In comparing prices paid for fresh fish between Newfoundland and Nova Scotia fishermen, we have taken three types of fish which form the mass production of our fishermen, mainly: Codfish, Haddock and Rosefish.

Codfish: Prices paid our Newfoundland fishermen during 1957, for Codfish gutted and head on was 2 cents per pound, while Nova Scotia fishermen received $3\frac{1}{2}$ cents per pound for the same product.

Haddock: Prices to Newfoundland fishermen in 1957, 3 cents per pound. In Nova Scotia 5 cents per pound.

Rosefish: Prices to Newfoundland fishermen in 1957, 2 cents per pound. In Nova Scotia 3 cents per pound.

Lobster: In 1957, prices to our Newfoundland fishermen were from 20 cents to 25 cents per pound. Prices for same in market from 40 cents to 65 cents per pound,



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Mr. Antle.

according to quality, and prices to the consumer were from 90 cents to \$1.25 per pound.

Salmon: Prices to fishermen in Newfoundland in 1957, from 15 cents to 30 cents per pound, large and small, while market prices for same were 60 cents to 75 cents per pound.

Dried Codfish: Prices to Newfoundland fishermen in 1957, 9 cents per pound, while market prices in the Carribean were from 30 cents to 36 cents per pound.

It may be interesting to note that since the end of the War, (World War 2.) prices received by fishermen have declined by approximately 20 per cent, while at the same time the cost of supplies in out fitting for the fishery has advanced by approximately 30 per cent. During the same period all labour rates have advanced considerably, while the prices of all species of fish has already declined.

Local Market: As regards the Local market, matters seem to be worse. In 1957, fishermen selling locally, received 12 cents per pound for dried salted Codfish. The same retailed in Newfoundland fish stores unwrapped, for from 20 cents to 24 cents per pound, and when wrapped in cellopane packages the consumer price was 32 cents per pound.

Lobsters for which fishermen received 25 cents per pound sold locally for from 50 cents to 75 cents per pound.



Salmon for which fishermen received 25 cents to 35 cents per pound retailed in Newfoundland stores for as high as 90 cents per pound.

Halibut for which fishermen on the South side of St. John's received 15 cents per pound was sold to consumers in St. John's for from 65 cents to 75 cents per pound. All above mentioned prices were for 1957.

We have here in St. John's the potential for a good and expanding fish market. However, the outrageously high prices charged the consumer is strangling the market. We are convinced that the local consumption of our fish, and fishery products could be increased by perhaps 200 per cent, if the consumer could obtain fish at reasonable prices.

There are other basic needs which the Federation wishes to bring to your attention: Some of the contributing factors to these discrepancies in prices in Newfoundland in particular are to be found in our lack of services in this Province. Services which are lacking in Newfoundland, but available on the Mainland.

Basically they are: (a) Lack of direct freight connections between Newfoundland, and our large West Indian markets without costly trans-shipments at intermediate ports. (b) Lack of public cold storage facilities strategically placed in Newfoundland to service perishable fresh fish products.



(c) Lack of properly developed national harbours to facilitate low cost handling of incoming and outgoing freight. (d) Lack of an efficient Newfoundland Merchant Marine of the specialized type required to service Newfoundland imports and exports. (e) The total inadequacy of the Canadian National Railway transportation system to service the needs of the fishing industry in Newfoundland. The major factors in maintaining the Newfoundland fishing industry at a continuing state of depression are in our opinion, the lack of these essential services.

If these basic services were made available in Newfoundland, on a par with the Mainland, we feel sure that we could overcome the other difficulties in the industry, ourselves.

THE CHAIRMAN: Thank you.

MR. ANTLE: I might add to this, Mr. Chairman, Commissioners, that as I mentioned our Secretary General Mr. Lane went into the hospital yesterday, our stenographer was down with the 'flu, I have a cold myself and last night I went back to the office and ~~banged~~ this thing together myself with two fingers on the typewriter so you have to pardon any typographical errors.

THE CHAIRMAN: We express our good wishes to Mr. Lane and hope he has a quick recovery.



MR. ANTLE: Thank you very much.

COMMISSIONER MacKICHAN: I would like as Commissioner and personally add the hope that Mr. Lane will be back to his desk and back among the fishermen again.

MR. ANTLE: Thank you sir, I will convey the wishes to him.

COMMISSIONER MacKICHAN: Now, in connection with cod does this price of 2 cents per pound, does that prevail for both cod going to salt fish plants directly and also for the fresh fish industry?

MR. ANTLE: No, it is mostly cod sold to the processors. It is frozen cod.

COMMISSIONER MacKICHAN: Fresh frozen. Now you say the fishermen do not receive anything on account at the beginning.

MR. ANTLE: No.

COMMISSIONER MacKICHAN: How do they get along? How do they start fishing in the spring until they sell their catch and it is completely packed?

MR. ANTLE: Mostly on what we call a credit system. They take supplies from the merchant in the spring. This system, by the way, is commencing to die out due to our wishes. You may know something about the stock the fishermen buy a large percentage of their supplies in the



spring, food, and fishing gear, and they commence to sell their fish around the 1st of August or middle of August. Sometimes they don't get rid of all their fish of course until about the last of October, first of November.

COMMISSIONER MacKICHAN: Knowing the Newfoundland fisherman to be a pretty honourable gentleman, he would honour his obligation to his suppliers in that he would market his fish through the organization that supplied him in the spring with his necessary equipment to work.

Now the haddock again would be frozen. On this salt bulk, you probably heard us asking some questions did you? What effect, what is the impact of the Nova Scotian into this market?

MR. ANTLE: Well we are very pleased with this set up because our fishermen can receive more, receive better prices on salted fish, that is fish sold in Nova Scotia better than they can here in Newfoundland for the dry fish. Now as you are well aware, I don't know if the other gentlemen are aware of it, but the white salted fish is cut and salted and sold in this condition, mostly to Nova Scotia buyers. Dry salted means the fishermen must take that out of their salt bulk, wash it out and spread it anywhere from 50 to 65 times on a flake depending on conditions and weather, and get it into a dried state, hard cured.



Now as I say, during the last few years, especially last year, 1957, our fishermen received better prices for the salt bulk fish that he didn't have to wash and dry from Nova Scotia buyers than he did in Newfoundland for the dry fish where they had so much work, which incidentally cuts down production of about 10 per cent. The fisherman that must dry his fish cannot dry it and catch at the same time, so people that sell salt bulk, they get rid of it within a few days or hours and make it possible for them to get back into operation again and produce more.

COMMISSIONER MacKICHAN: I think probably for the benefit of my colleagues this statement "get rid of it in a few hours", that is taking it from a salt brine, that is not a few hours from the time they catch it.

MR. ANTLE: Oh, no.

COMMISSIONER MacKICHAN: It has to be salted and cleared.

MR. ANTLE: I should explain their work in connection with the salt water fish curing.

THE CHAIRMAN: Why are there no brine plants?

MR. ANTLE: At the present time there are five or six brine plants erected during the past two or three years. The reason, of course, is obvious: When the Nova Scotia market was opened up for sale of salt bulk fish, some of the



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Newfoundland fish buyers realized in a short time all the fish would be moving to Nova Scotia, therefore they were forced to build dryers themselves and at the present time we have about five or six dryers.

COMMISSIONER WALTON: They are not pay prepared to/competitive prices as in Nova Scotia?

MR. ANTLE: Yes, a few of them. last year I believe on prices they cannot seem to compete with the Nova Scotia buyer, even the people who are curing artificially, and one of the reasons for this is that the drying stations are around Lunenburg and Halifax and those places were built years ago, and the overhead has been practically written off, whereas in Newfoundland the people who constructed the drying plants in most cases borrowed the money from the Provincial Government and they are trying to compete with the prices and write off their overhead at the same time, and they find it difficult to do so.

COMMISSIONER MacKICHAN: One of the largest and best drying plants is now erected in Newfoundland and, in fact, there is a project being put on as a demonstration plant development with new cures.

THE CHAIRMAN: Have I got the picture clear here? You say because the Nova Scotia industry got started at an earlier stage fishermen here have



found it more profitable to sell their salt fish in Nova Scotia to go onto the markets, this means a duplication of transportation costs.

MR. ANTLE: That is right.

THE CHAIRMAN: The cost from here to Halifax and the cost from Halifax to the other point, it would seem on the surface to be more profitable to do the processing here.

MR. ANTLE: The cost, incidentally, in moving this salt bulk fish anywhere from \$1.30 to \$1.50 per quintal, i.e. 112 pounds. Notwithstanding this, Nova Scotia fishermen get paid better prices, the Nova Scotia buyer can pay better prices than our Newfoundland buyers, but in most cases get it from the fishermen themselves.

COMMISSIONER MacKICHAN: Can we differentiate between "can" and "will"?

MR. ANTLE: Yes, I suppose you could.

COMMISSIONER MacKICHAN: Nova Scotia is raising some question about whether they can get along too well with what they are enjoying now, but that is a matter of opinion again.

MR. ANTLE: There is something else I would like to add here, you see the Nova Scotians are not quite satisfied with the amount they are making on this fish. We hear again and again that they are under-selling exporters in the foreign market.



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THE CHAIRMAN: I think this business of selling in different markets is a very complicated problem, I am beginning to learn that but we did have some evidence that the time that fish was sold from Newfoundland in the Caribbean area was different from the time that the Nova Scotians sold and that this has something to do with the impact on the quota and the tax and that had made a difference in the price. Could you help to clarify that?

MR. ANTLE: No, I cannot, because I am not too familiar. That is another organization completely, we are only interested in working for the producers and we know things are rotten but we do not know how or why they are wrong or what makes them wrong.

COMMISSIONER MacKICHAN: Now, at the bottom of the first page you quote prices paid to the Newfoundland fishermen and the prices that are being paid by the consumer, I take it that is a retail price, that 30 to 36 at the bottom?

MR. ANTLE: That is retail, it is not the consumers price, that is what we understand is paid by the buyers.

COMMISSIONER MacKICHAN: Well, it is in the Caribbean and I guess we are not going completely after a retail price, but we are very much interested in this spread in the middle: This



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9 cents is a price paid where?

MR. ANTLE: To Newfoundland fishermen here in Newfoundland, that is dried cured fish.

COMMISSIONER MacKICHAN: That is dried cured fish?

MR. ANTLE: Yes.

COMMISSIONER MacKICHAN: Now, we have freight entering into this and we have spoken also about freight from here to Halifax on the salt bulk product, there is also freight from here to Halifax for shipment, generally speaking, to the Caribbean market?

MR. ANTLE: Yes.

COMMISSIONER MacKICHAN: You probably occasionally go into some truck freight, but usually your fish has to go to Nova Scotia for shipment to the Caribbean?

MR. ANTLE: Mostly to Halifax.

COMMISSIONER MacKICHAN: If it goes through New York as was pointed out to us in a brief in Nova Scotia, that was another \$1.50 terms shipment charge which was one of the things you think we should remedy. Now, that 9 cents per pound is paid for fish off freight, dried?

MR. ANTLE: That is what we call an average, that is what you get according to the quality and grade, we take 9 cents as an average.



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COMMISSIONER MacKICHAN: In some of these markets we were told in Halifax it is an average retail market?

MR. ANTLE: Yes.

COMMISSIONER MacKICHAN: Or a controlled market. Now, would that fish be dried sufficiently to be ready boxed or would it have to be re-dried at St. John's?

MR. ANTLE: There have been cases where it had to be re-dried for a few hours. Now, as far as we are concerned the fishermen - we find that it is not necessary, because when it is taken from a fisherman it is graded and if it is not completely dry the price is paid accordingly and in most cases it has been - damp foggy weather necessitates it being put in the salt again for a few hours and that adds to the cost of production.

COMMISSIONER MacKICHAN: Would it in some cases be going through a mechanical dryer?

MR. ANTLE: Yes.

COMMISSIONER MacKICHAN: There may be some conflict in there?

MR. ANTLE: Yes.

COMMISSIONER MacKICHAN: There is the boxing and packaging and all that comes in here. Now, these prices in the Caribbean, how are these obtained, what is the source of these prices?

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MR. ANTLE: Well, at the moment I cannot answer that but the information we have obtained from various fish buyers, merchants and people who have visited here and we get those prices indirectly, so to speak.

COMMISSIONER MacKICHAN: The information we had and there are two markets I might mention, are Jamaica and Puerto Rico/under direct Government ceiling for sales and wholesale and retail, and would indicate that Puerto Rico is 23 and Jamaica $21\frac{1}{2}$ and Jamaica is one of the markets that insist on good fish and they have one unit price across the board, so they are rather wide spread between 30 and 36 and $21\frac{1}{2}$ and 23 which is rather too wide.

MR. ANTLE: It is quite possible that the various grades maybe taken into consideration there. There is very cheap fish to the West Indies from Newfoundland, of course, there are higher grades.

COMMISSIONER MacKICHAN: Yes, but it cannot find its way into Jamaica. There are markets that will pick out fish of the lower grades at lower prices, but probably that may be worth checking again, I think we are a little bit wide.

COMMISSIONER KIDD: I was wondering whether that was the Cuba place.





COMMISSIONER MacKICHAN: You say it is closer to Cuba, but still wide. Now, on the local market, this is not peculiar to St. John's, I might say we went all the way across the country and the local market is sometimes most remunerative but I would just ask if the cellophane packages and the consumer price of 32 cents a pound, is that boneless, skinless? That is on page 2 the second paragraph under the heading local market.

MR. ANTLE: Yes, that is fishermen selling dried salt cod fish to the local consumers.

COMMISSIONER MacKICHAN: You would be selling unwrapped for 22 to 24?

MR. ANTLE: Yes, unwrapped.

COMMISSIONER MacKICHAN: And is it the same fish exactly that is sold wrapped?

MR. ANTLE: Yes.

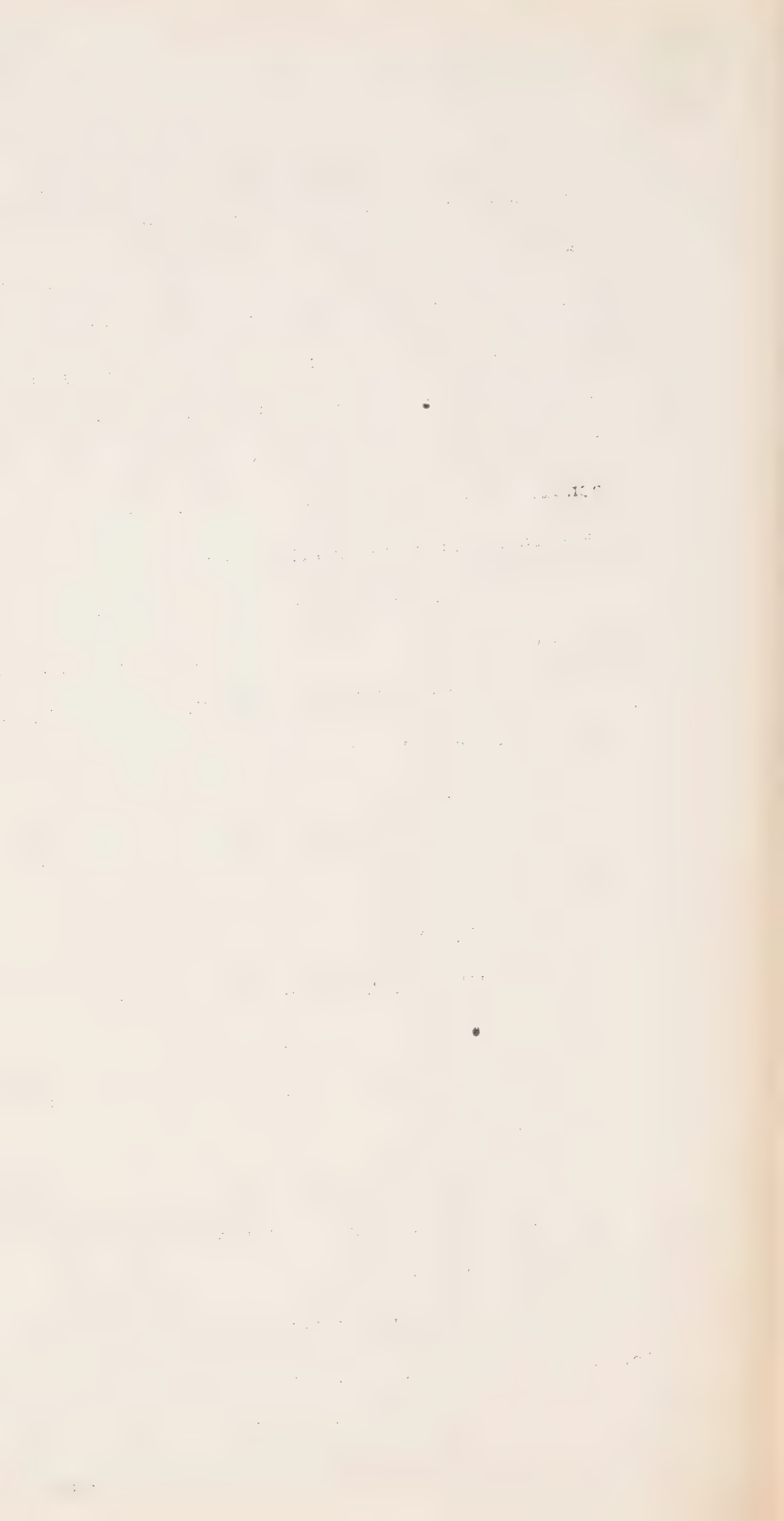
COMMISSIONER MacKICHAN: I was wondering if it was a boneless fillet?

MR. ANTLE: No, mostly the fish chopped up in small pieces.

COMMISSIONER MacKICHAN: With the ordinary skin of dried cod getting cellophane wrapped, we are getting into the sack age.

COMMISSIONER DRUMMOND: You mean the labour costs, 8 to 12 cents per pound?

COMMISSIONER MacKICHAN: I would think that our evidence has been confined to the breakfast





foods, to the breakfast foods getting wrapped up and enclosing a gimmick, but I am still learning something new.

COMMISSIONER MacKICHAN: Now fish in St. John's you mentioned is a potentially a good expanding market, and I agree. At least at the hotel I think we can find a little more fish, but you mentioned outrageously high prices. I am going to pass that over for a minute. What would be the present per capita consumption of fish? Would you have any idea in St. John's or outside? Be pretty difficult to find out?

MR. ANTLE: No sir, I wouldn't have any idea.

COMMISSIONER MacKICHAN: Would you have any idea what the per capita consumption is of fish in St. John's that could be increased by 200 per cent?

MR. ANTLE: No, I wouldn't know what the per capita consumption is, but we are sure that there are thousands of people in St. John's who want fish, who need fish, like fish, but cannot afford to pay the prices that are being charged. On the basis of this we believe that it would be possible to increase the per capita consumption, to increase the market sales of fish to Newfoundland and St. John's by perhaps 200 per cent if fish could



be obtained at reasonable prices.

COMMISSIONER MacKICHAN: The Canadian per capita consumption is calculated from 12 to 14 pounds. In a survey some years ago on the consumption at Halifax it was 35 pounds which would certainly change our markets by a great deal if it prevailed all over Canada. Would you think this would be in salt or would it be fresh and frozen, fresh fish rather than frozen?

MR. ANTLE: It would be all types.

COMMISSIONER MacKICHAN: Now you have enumerated a number of ways in which services are lacking in Newfoundland but available to the mainland. There are four of them. In reading your brief under (b) which was lack of cold storage facilities etc., am I correct, you used the word "food products" instead of fresh fish products. It is fresh fish?

MR. ANTLE: Yes fresh fish products.

COMMISSIONER MacKICHAN: Now just what would you have in mind there?

MR. ANTLE: Well cold storage facilities, the same as the one used, the public cold storage could stretch from sea to sea, across Canada. We haven't any facilities here in Newfoundland whatsoever, and if fishermen catch any quantity of fish that he cannot sell in a few hours, he must salt it



because there is no means whatsoever of fishermen freezing his fish and holding it, so it could be available to the market as required, with prices kept more or less at standard level. He must sell or salt if he cannot sell within a few hours.

COMMISSIONER MacKICHAN: A large portion of fish must be sold unless you have a very large plant for freezing. Most of it has to be filleted before it is sold?

MR. ANTLE: Yes. Not in the local market. Here in the local market the St. John's consumer in the summertime especially they buy their fish round from the fishermen. Now of course if we had cold storage facilities, fish could be placed in cold storage; whereas, what isn't sold in three or four hours to the consumer is spoiled and even has deteriorated to the point where it cannot be sold. In some cases it must be dumped. There has been cases during the past few years where as much as 50,000 pounds of fresh fish has been dumped into the harbour of St. John's.

THE CHAIRMAN: No fish meal outlet for that?

MR. ANTLE: No, this is the reason, your very high production at a particular time, so much so that the plant, there is a big fresh fish



plant here on the south side and a salt fish plant on the north side, and production has been so high at certain times, the months of June and July, that the plants took all they could, but just couldn't take any more. Fishermen not having facilities around St. John's for salting just dumped it in the harbour or took it outside of the harbour and dumped it.

THE CHAIRMAN: Do you mean by that that the equipment for producing fish meal, they couldn't handle it?

COMMISSIONER MacKICHAN: Well flaking, drying, cooking. It has to go through the mills where you can grind it. Capacity is limited. Mr. Antle, you say here you're pretty largely precluded in getting into the fresh fish market either in Canada or the United States.

MR. ANTLE: Yes. With present facilities it is impossible.

COMMISSIONER MacKICHAN: I think that covers the questions I had.

COMMISSIONER WALTON: Could I just satisfy my curiosity on something, Mr. Chairman. I have been quite taken aback at some of the food prices, on your fish particularly when they are caught here and in one of your papers last week I found out it isn't only the fish, but meat is

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very high in St. John's.

MR. ANTLE: Yes.

COMMISSIONER WALTON: Would you have any reason for thinking because the meat, which has to be imported in here, and various reasons that we have heard the Deputy Minister outline this morning why things were higher in this particular state and this province, do you suspect that because the meat is high then somebody is bumping up the fish just to ride along with it?

MR. ANTLE: I would be prepared to excuse the high price of meat, especially meat that is imported.

COMMISSIONER WALTON: Yes, but I am speaking of fish.

MR. ANTLE: But fish here is caught locally at practically no overhead and cost and sold direct from the fishermen to little fish stores. As I say about 50 per cent is sold direct by fishermen to the fish stores, probably not direct, but mostly fishermen sell to the plant, the plant sells to fish stores and they in turn sell it back to consumers and our fishermen receive 15 cents a pound in the 1957; the consumer pays as high as 75 cents and paid 75 cents a pound in Halifax. Fishermen got 15 cents across the harbour.





COMMISSIONER WALTON: Do you think there might be something to this?

MR. ANTLE: You mean the high cost of meat and other things may have a tendency to jack up the price of fish. It is quite possible. I wouldn't be sure. It is quite possible.

COMMISSIONER WALTON: You cannot think of any other reason obviously from what you have said here?

MR. ANTLE: No.

THE CHAIRMAN: Of the quantity, take halibut, 15 cents to fishermen; 65 to 75 to consumers. On what proportion of the total catch of halibut would be sold locally?

MR. ANTLE: I wouldn't know sir.

THE CHAIRMAN: Be very small would it?

MR. ANTLE: I am sure the total catch would not be very much. Newfoundlanders like halibut and salmon, lobster, but they probably eat less of either of those species than anyone else in Canada. Probably eat less than people in Ottawa for the simple reason that you just cannot afford to pay those prices that have been charged.

For instance, salmon first salmon arrived here around the middle of May or 20th



of May, around there. You would be lucky to get it less than 90 cents a pound. When you would **trace** back the source from which it was produced, in this case it is the fishermen, you find that he got about 25, 26 and sometimes 30 cents a pound. It is just a few miles around to where it is produced. By the time it reaches here and goes through the various profit processes, the consumer pays as high as 90 cents a pound.

THE CHAIRMAN: Well take this halibut case again, Commissioner Walton has suggested that it may be that fish prices are established at the retail level to the consumer in some relationship to the high beef prices, which are high because they are imported. Now we immediately ask ourselves why this continues because if I were a fish merchant and there was a highly profitable spread on the domestic market, if I were competing with other fish merchants, I would try to expand my business in order to get this market, isn't that sensible?

MR. ANTLE: Yes.

THE CHAIRMAN: On the other hand, if the local market is a very very small factor, and most of my business is concerned with the processing for export, **one** of the reasons could be well I am just not interested in the local



market, it is not very good, and it is not worth it to develop some other procedures to handle it. Therefore, I sell what I have to on the local market and go ahead with the other. That is one possibility.

MR. ANTLE: Yes, that is one possibility.

THE CHAIRMAN: Another possibility is that there is not too much competition between sellers. That might be another possibility. Nobody could cut the price on the local market. Would that be a possibility?

MR. ANTLE: Yes, that is a possibility. And back again to Commissioner Walton, the cost of meat having a bearing on the price of fish. As I say there wouldn't be any competition between the people who sell the fish and meat because in most cases the people who sell the fish sell chicken and beef, poultry, also, so it wouldn't be to their advantage to cut the price of one in order to increase the consumption of the other and vice versa.

THE CHAIRMAN: Well one other question on this point. There are co-operative plants handling halibut? Is that right?

MR. ANTLE: Pardon?

THE CHAIRMAN: There are co-operative plants handling halibut?



MR. ANTLE: Co-operative, I don't know what you mean by co-operative plants. Freezing plants you mean?

THE CHAIRMAN: Operating on a co-operative basis, a fisherman's co-operative?

MR. ANTLE: No, no plants.

THE CHAIRMAN: There are no plants?

MR. ANTLE: No. There may be isolated cases around the Island not here in St. John's, where little co-operative stores sell some fish, but an insignificant amount.

THE CHAIRMAN: I just wanted to find out whether there were any fishermen in charge of the organization involved in the selling of halibut?

COMMISSIONER COURVRETTE: Let us go on with this halibut as an example: You imply here that the price to the consumer is too high as compared to the price to the producer. Now, in between there is the plant processor, is that right? Would you know what the price is from the plant to the retailer?

MR. ANTLE: I could not be sure but I believe the plant retails the halibut for 25 cents per pound, the fishermen receive 15 cents and the consumer pays 75 cents.

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COMMISSIONER COUVRETTE: Now, we have heard the Deputy Minister this morning say that a lot of the retailers in St. John's here were closing doors, would you say that this is right?

MR. ANTLE: You mean going out of business?

COMMISSIONER COUVRETTE: Yes.

MR. ANTLE: Are you speaking specifically of the fish stores?

COMMISSIONER COUVRETTE: Well, you said that those who sell fish also sell meat.

MR. ANTLE: Yes.

COMMISSIONER COUVRETTE: And other products, is that not what you said?

MR. ANTLE: Yes.

COMMISSIONER COUVRETTE: So they would be the same?

MR. ANTLE: Yes, but then there are hundreds of stores sell meat and chicken and they do not handle fish at all. Most little fish stores do include some meat.

COMMISSIONER COUVRETTE: Well, beef is reported to be sold at too high prices, other things as well as submitted on the list by the Deputy Minister this morning and now fish, so it would seem that everything is too high to the consumer according to this reasoning. Now,



coming back to this question, we were told that many of those stores were closing up shop.

MR. ANTLE: I can tell you that none of the fish stores are closing shop unless they have a lot of fish stores may be little retail grocery stores and so on, and due to the prices of the super markets are probably cutting down a little because of the increased volume sales, but that is happening all over Canada, the super markets are taking over. That may happen in St. John's but not in the fish stores.

COMMISSIONER COUVRETTE: Yes, so none of those who sell fish and all these products close.

MR. ANTLE: No, fish seems to be a life saver.

COMMISSIONER COUVRETTE: Well, now, supposing some of them that sell fish close doors, in the case of those who are closing doors would you say they are getting out of business with too much money because they are retiring?

MR. ANTLE: No, I would not say that because they do not sell enough. As I see the situation here it is more or less like a buyers strike, I would not say they are making any great amount of money, due



to the fact they are not selling any large amount of fish and the prices are so high.

COMMISSIONER COUVRETTE: I am just putting it bluntly on the table here, the thing is when you say there is a buyers strike, still they are not retiring with too much money acquired before the buyers strike, they are simply going out of business because they can't compete, is that right?

MR. ANTLE: Well I cannot agree there are fish stores going out of business and they are all the stores I am prepared to discuss. But, as to the buyers strike, I did not say there was a buyers strike but the effect of the high prices are having the same effect as if there was a buyers strike, people are forced to other things rather than halibut, lobster or salmon because prices are so high.

COMMISSIONER COUVRETTE: Well, if you make such an important difference between fish dealers and other retailers my argument will not hold, but if there is not too much difference between the two it seems that we cannot say that producers are getting too little, consumers are paying too much when in between they have to close doors. There is something radically wrong there, I believe.



COMMISSIONER DRUMMOND: Just one or two very minor things: You say you feel that in St. John's if certain conditions were present you could step up the per capita consumption by roughly 200 per cent?

MR. ANTLE: That is right.

COMMISSIONER DRUMMOND: How would the per capita consumption in St. John's compare with that in the out port settlements?

MR. ANTLE: In Newfoundland?

COMMISSIONER DRUMMOND: Yes.

MR. ANTLE: About the same.

COMMISSIONER DRUMMOND: For fish?

MR. ANTLE: Yes.

COMMISSIONER KIDD: How would it compare with Cornerbrooke and other places where we have heard that wages were two or three times what they are in the fishing ports?

MR. ANTLE: As far as fish is concerned these places are probably different but we could increase the consumption 200 per cent to 300 per cent if we could get the fish to them but we cannot do that due to the transportation system and the high freight rate. It would cost much more for consumers in Canada to buy fish than it would in St. John's even with the prices I have given you in St. John's. If you want to go on further it costs more to send a quintal of fish to Toronto



by CNR than to buy fish from Newfoundland. Let us say they are bought in Newfoundland and shipped to Toronto, the cost of the fish was \$12.00 a quintal paid to the fishermen, it costs about \$14.70 now to Toronto, so really the freight rates are so high we just could not think of doing it apart from small amounts of fish people order, not to set up a market, the price would be too ridiculous to try to set up a fish market.

COMMISSIONER DRUMMOND: What I was thinking in respect to this other question, in a great many of the out port settlements people do their own fishing, the people who consume the fish are also the fishermen.

MR. ANTLE: Around the coast, yes.

COMMISSIONER DRUMMOND: Therefore, they would not pay a cash price for fish.

MR. ANTLE: No. You mentioned the consumption, no, they do not buy fish, they catch theirs.

COMMISSIONER DRUMMOND: What I wondered is if you actually feel they do not eat more fish per person than right here in St. John's?

MR. ANTLE: I would say that at the moment they eat three or four times as much, but that is because they catch it and process



it themselves. I believe the St. John's consumer would eat the same amount if he could get it at the same price.

COMMISSIONER DRUMMOND: That is what I was wondering about. You say in speaking of the local market in 1957 fishermen selling locally received 12 cents per pound for dried salt cod fish, would they be fishermen from around the bay near St. John's here?

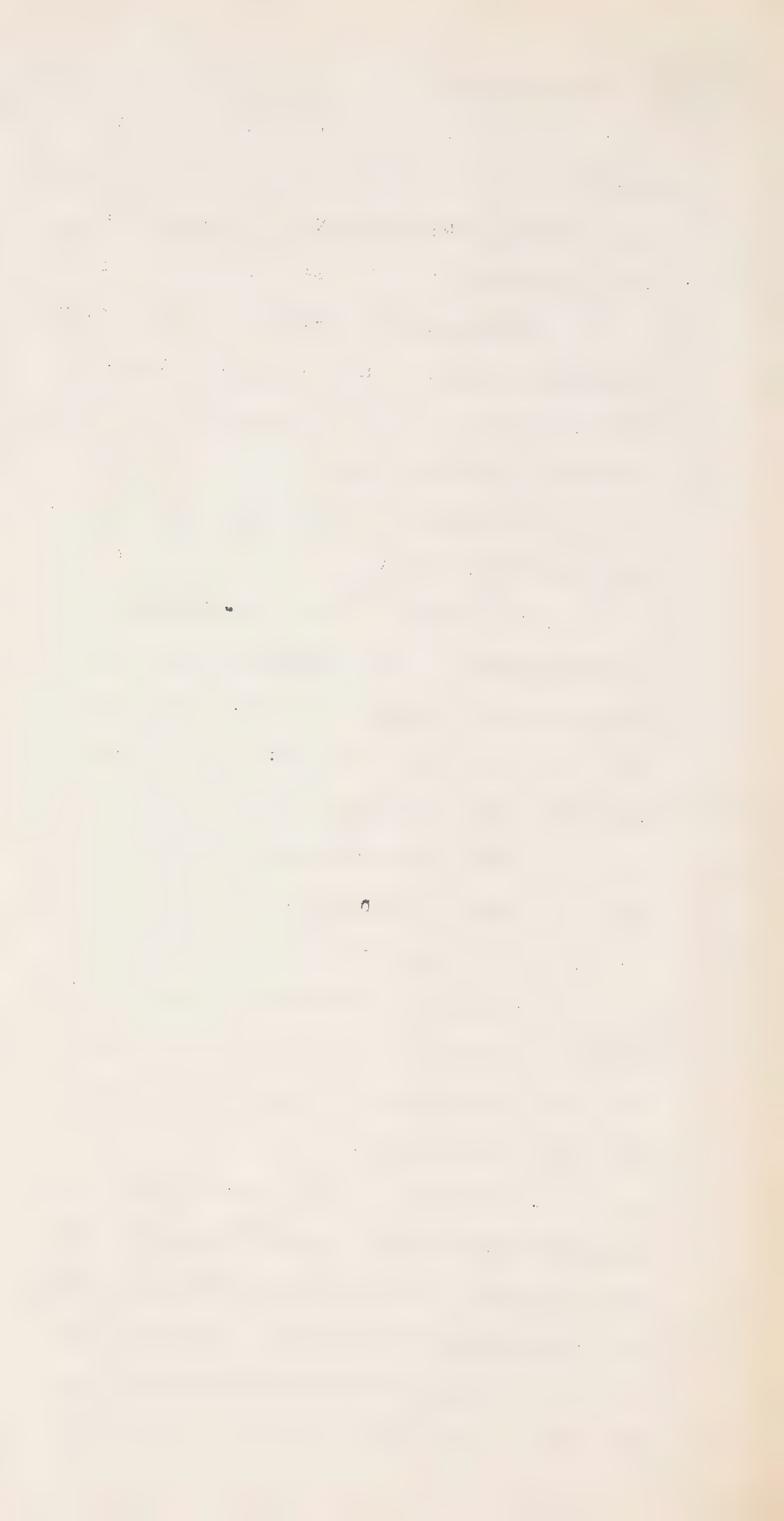
MR. ANTLE: Yes, mostly but they could be from anywhere. They bring in trucks sometimes from nearby and sometimes from far away and mostly they receive 12 cents per pound, and the fish is sold later in a cellophane package.

COMMISSIONER DRUMMOND: When you say they sell locally, they sell to the stores?

MR. ANTLE: The local stores, yes.

COMMISSIONER DRUMMOND: When you are speaking of lobster on the first page of your brief you say "prices for same in market", what does that phrase mean?

MR. ANTLE: Now, here we are dealing with the foreign market, mostly the Boston area and this price is paid by people who ship lobster from Newfoundland to Boston and, of course, they are later shipped from Boston probably all over the Eastern United States.





COMMISSIONER DRUMMOND: In other words it is the price received by the processor?

MR. ANTLE: Yes.

COMMISSIONER DRUMMOND: That is all, thank you.

COMMISSIONER MacKICHAN: Would you agree that the development of a European fleet, Spanish, Portuguese, France, and possibly even Russian have had quite a serious effect on the markets for Newfoundland fish?

MR. ANTLE: I would say so, yes definitely. Mostly the Danish and Norwegians have their own ships and they ship direct from the producer to the markets and here in Newfoundland some of our fish has been bought and sold to probably a merchant vessel, later shipped there was one amount I followed specifically the year before last, the fish was caught near the Straits of Belle Isle, was sold to a buyer in Bonavista which was later sold to a St. John's buyer. It was bought and brought to the wharf by the St. John's buyer and put in packages, these large boxes which were trucked to the CNR freight shed in Western St. John's, loaded on freight cars and brought to Port au Basque, it was unloaded and put aboard a ship and it went to Halifax, it was stored at Halifax to wait for



the market. This is some idea of the cost of handling and the cost has always been to the producer. Our fish buyers are operating on a cost profit basis, it does not matter how much the fish costs, the buyer gets so much. He has no incentive to bring the cost down because it is always passed back to the producer, he receives the same for it regardless of what the price is to the consumer and the producer pays. It costs so much to get it to the market there is very little left for the fishermen, even at good market prices.

THE CHAIRMAN: I would like to thank you for a very educational morning. We do not think we got all the information, but if not all we have a lot better idea of the situation. There is additional information we would like to have, but we are grateful to you and those who have been here today.

We will adjourn now and the next hearing of the Commission will be sometime in September in one of the central Provinces.

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